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ESTABLISHED 1887

Venezuela's President To Face Trial for Theft

Senate Vote Removes Pérez From Power During Supreme Court's Prosecution

Compiled by Our Staff From Dispatches CARACAS — The Venezuelan Senate voted unanimously Friday to authorize the Supreme Court to prosecute President Carlos Andrés

Perez for embezzlement. The decision removes Mr. Perez from office The decision removes Mr. Perez from omce during the proceedings. He will be replaced by the president of the legislature, Octavio Lapage, until an interim president is named. Outside the heavily guarded National Congress Building, hundreds chanted slogans denouncing Mr. Pelandreds chanted slogans denouncing Mr. Pelandreds.

There was no sign of imminent unrest. Instability in Venezuela, one of the world's major oil producers, could unsettle oil markets. And, although there has also been apprehension that events might lead the military to seek an over-throw of the democratically elected govern-ment, there seemed no reason Friday for such concern. Venezuela is one of the continent's

leading-democracies. Mr. Perez is the second Latin American leader in six months to undergo impeachment proceedings. In December, President Fernando Collor de Mello of Brazil resigned as the Senate tried and convicted him on corruption charges.

The Venezuelan Senate vote, made with a show of hands, was supported by Mr. Pérez's Democratic Action Party, which said it was confident of a fair trial and acquittal.

In an emotional, sometimes defiant speech to the nation televised Thursday night, Mr. Pérez maintained his innocence. His voice sometimes breaking, he dedicated much of his 30-minute talk to outlining the gains that Venezuela had made under his presidency and blaming his problems on political conspiracy. He expressed fear that political and economic progress made under his stewardship would be reversed.

His fall gives another twist to the career of a grand old man of Latin American politics, a 70year-old survivor of jailings, exile, Communist guernillas and, last year, two military coup

Residents of this capital greeted the news ibilantly, with whistles and firecrackers and

the banging of pots.
"Honesty has triumphed," bellowed an op-"Honesty has triumphed," bellowed an opposition congressman, Orlando Fernández, as
joyous crowds waved flags and celebrated outside the Congress building. The police fired tear
gas to disperse a crowd of 1,000 people chanting ami-Pérez siogans.

Nevertheless, some business people worried
about the political stability of Venezuela, which
has the hemisphere's largest oil reserves. Its 35-

has the hemisphere's largest oil reserves. Its 35-year-old civilian democracy is Latin America's

Venezuela is the largest source of U.S. oil imports after Saudi Arabia, and per capita its 20 million inhabitants are Latin America's largest importers of American products.

Sometimes called "Miami with mountains,"

this highly Americanized capital is a mix of expressways, glass-sheathed high-rises and shantytowns, all cupped in a verdant bowl

shantytowns, an cupped in a verdant powr formed by the Andes.

"The oil will keep flowing, but our concern is over the economic reforms," an American diplomat said, echoing uncertainty about whether Venezuela's next president will continue Mr. Pérez's four-year campaign to dismantle state

controls on the economy.

With the authorization vote, Mr. Lapage temporarily assumes power. Within 30 days of the impeachment vote, the legislature will elect an acting president to serve the remainder of Mr. Perez's five-year term, which expires Feb.

Regardless of the impeachment drive, candi See IMPEACH, Page 6



A wounded Bosnian Serb being helped by a fellow soldier during a mortar attack by Muslims near the northern Bosnian town of Brcko.

Even the Aga Khan Feels Chill Wind of Recession

son or training in the symptomic con-pany and the Ciga humry botel chain on the Milan stock exchange, calminated more than a year of mounting financial difficulties for the Aga Khan, whose far-flying investments in Italian tourism have suffered heavily from the recession.

A Milan stockbroker, Isidoro Albertini, said the situation at Phinpar, the Aga Khan's main holding company in Italy, came to a climax after the company was unable to service a \$100 million loan from a group of banks led by IMI Bank of Germany, a subsidiary of Italy's state-owned mediumterm credit institute, Istituto Mobiliare Ita-

The suspension of share trading was ordered by the Milan exchange's watchdog authority, Consob.

IMI on Friday formally requested the seizure of Fimpar's assets, which include a majority stake in Ciga, market officials an-

By Margaret Shapiro

Washington Post Service

MOSCOW — A few kilometers south of the Kremiin's

pristine gold domes, a huge oil refinery spews foul-smelling

haze over nearby apartment buildings, causing residents to complain of constant eye infectious, sore throats and head-

aches. Trees lining a stretch of road near the plant stand

leafless and lifeless next to a fetid stream.

Claudio Miorelli, a spokesman for Finn-

By Roger Cohen,

New York Times Service

PARIS — Creditor banks moved Friday

par, described the action as a legal maneuver aimed at securing the bank pool's interests and said negotiations would continue on

to seize the assets of companies owned by seeking a debt settlement the Age Many tage of the world Sacrathars. To the Age Khari who is the leader of the men.

The action, which present it the suspension of his time action, which present the suspension of his time of tradeur that the suspension of his time of tradeur that the suspension of his time of tradeur that the suspension of tradeur that the suspension of tradeur that the suspension of the suspension of the suspension of the suspension of tradeur that the suspension of the orsersal in his fortunes.

Though his personal wealth, which in-chides real estate and thoroughbred race horses, has been estimated at \$1.4 billion, has businesses have suffered from a steep decline in attendance at his luxury hotels, problems in the development of his Costa Smeralda resort in Sardinia and the worsening of his debt problems because of the devaluation of the lira.

Ciga, whose flagship hotels include the Grand Hotel in Rome and the Danielli in Venice, has piled up debts of about \$680 tourists prepared to pay at least \$300 a night for a room has fallen sharply in the last two

The company has been in negotiations with a private group called Situr for a sale of part of its activities.

But these talks fell through earlier this year after Situr asserted it had found irregularities in Ciga's accounts. Ciga rejected the accusations.

heavy metals

hazardous to human health.

roadways were found last summer to contain dangerously high lead levels. Moscow environmental officials, mean-while, say that the snow that blankets the city for five

months a year is contaminated with cadmium and other

Living in Moscow, as a recent report put it, can be

Moscow remains cleaner than such polluted capitals as

Mexico City, Bangkok and Seoul, where skies are continual-

ly obscured by smog But in what was the Soviet Union's showcase city, a combination of decades of industrial devel-

opment at all cost, intense urban sprawl and minimal ecological planning has left a legacy of polluted air, earth

Now Russia has no money to repair the damage. And

GM Charges López With Stealing Secrets

OKLAHOMA CITY — General Motors Corp. said Friday that its German unit, Adam Opel AG, had filed a criminal complaint alleging document theft against José Ignacio López de Arriortua, the senior executive who recently left GM for Volkswagen AG.

Louis R. Hughes, president of GM Enrope and executive vice president of GM's international operations, said at a news conference following the annual shareholders meeting that the complaint alleges that Mr. Lopez, the former GM purchasing manager, took confiden-tial GM documents when he left GM in March. Mr. López attended a meeting of GM's Euro-pean strategy board a week before he quit GM

Communist Neglect, Capitalist Excess Make Moscow a Health Hazard

to join Volkswagen. GM's product plans for the next decade were discussed at the meeting. GM's complaint also implicates other former

The action is separate from an injunction issued earlier against Mr. Lopez by a Frankfurt court to prevent him from systematically luring General Motors executives to Volkswagen, Mr. López was instrumental in getting GM er-services subsidiary.
to cut its material costs in North America after Meanwhile, Genera being brought from GM's European operations about 13 months ago. He was even offered a job by GM's president and chief executive, John F. Smith, to run GM's entire North American operations as an enticement to stay.

what communism bequeathed. Russia's transition to unbri-

Moscow's streets, once early empty except for the speed-

ing limousines of Communist Party bosses, now are clogged night and day with cars owned by Russia's booming class of

the newly rich. The government statistical agency says about 870,000 cars are registered here, with thousands more using the streets each day. The number of trucks, which

have much fouler exhaust emissions, is also unknown,

In any case, because cars here still use leaded gas and

have little or no pollution controls, levels of pollutants well exceed acceptable norms, making driving or walking along

major roads a health hazard, according to Moscow environ-

dled capitalism has only made worse.

Referring to progress made in GM's American operations, Mr. Smith told shareholders that for the last 30 days, GM's passenger-car GM employees who followed Mr. Lopez to market share was 37.3 percent, "the best since Volkswagen. Further details were not available. was "the best-selling car in the United States." GM's chief counsel, Harry Pearce, said it was actively seeking a telecommunications partner

for its Electronic Data Services Corp. comput-Meanwhile, General Motors Europe announced that it had cut its forecast for European car sales in 1993. Industry analysts said new

projections for the recession-hit market were the worst for 25 years.

Throughout the Moscow region, trees are being cut down

and long dormant land is being turned over for new houses and other buildings, spreading dirt and dust, which not only

have made Moscow muddy and gritty, but also carry

unhealthy levels of pollutants. Some of this excavation has also uncovered old dumps of toxic or radioactive waste

buried decades ago. The city government recently built a

new bread factory in a northeast section of Moscow on top

mental monitoring group Socio-Ecological Union. "It was a

principle underlying the development of the whole country.

See DIRTY, Page 6

No one ever thought about the effect on people, on the future," said Lyubov Rubinchik, director of the environ-

of one of these radioactive dumps.

(AP, Knight-Ridder, Bloomberg, Reuters, AFX)

Clinton Raises Doubts on Russian Plan For Bosnia

He's Skeptical It Will Halt Fighting and Wary Of Safe Havens Concept

Compiled by Our Staff From Dispatches WASHINGTON - President Bill Chinton said Friday that he was skeptical about efforts to end the fighting in Bosnia-Herzegovina and warned that proposals to create "safe havens" there could lead to problems similar to those in Lebanon and Northern Ireland.

Asked after a meeting with Foreign Minister Andrei V. Kozyrev of Russia if the United States was embracing the Russian plan to end the Bosnian war, Mr. Clinton replied: "We will try to reach an agreement about what we do next. As you know, the United States is skepti-cal that we'll be able to satisfactorily resolve this within the framework that has been pro-

posed.
"We do want to work with our allies and we're trying to do our best to reach a joint position," he said. "It may happen, and I hope we can do it.'

The president also expressed reservations about suggestions for setting up safe havens for

'I don't want to see the United States get in a position where we're recreating Northern Ire-

The West's diagnosis: The Bosnian conflict is a risk to be avoided. Page 2.

land, Lebanon or Cyprus or anything else," said Mr. Clinton, who has advocated the use of

military force to stop the fighting. "There may be some potential down the road for something to be done in connection with the peacekeeping operation, but I think it's some-thing we have to be very skeptical about," he

cally in a shooting gallery."

Asked if he would be content to allow Bosnian Serbs to hold on to the land they have captured, Mr. Clinton said the United States' goals were to contain the fighting and stop the

said. "We don't want our people in there basi-

"We believe in order to get that done, ultimately there will have to be some reasonable borders, some political solution to this which has a reasonable territorial component, and we'll just have to see what happens over the

next few weeks," the president said. The president's skepticlsm-was in sharp contrast to the tone used by Mr. Kozyrev, who said earlier that Washington and Moscow "very, very close" to an agreement but needed

to consult European leaders. "We are reaching for solutions for joint approaches to a tremendously complex is Mr. Kozyrev said after the meeting at the White House with Mr. Clinton and Secretary of State Warren M. Christopher. "We are working to-

gether and we are very close and I'm sure we will reach some mutual plan of action."

Asked if Mr. Clinton had dropped his refusal to deploy U.S. ground troops to monitor and prevent arms shipments across the Serb-Bosnian border, Mr. Kozyrev said it would be prema-

ture for him to comment until European na-tions were apprised of the U.S. Russian talks. (Reuters, AP)

Elaine Sciolino of The New York Times re-ported earlier from Washington: The United States and Russia are working toward a common strategy with other European nations that accepts, at least for the moment, the territorial gains made by the Serbs in Bos-

The goal would no longer be to roll back any of the gains achieved by the Bosnian Serbs in 14 months of fighting, but rather, in the words of a senior administration official, "to contain and stabilize the situation and to put the brakes on the killing."

When asked whether this approach appeared to reward the "ethnic cleansing" campaign by the Bosnian Serbs, the official replied, "First

The new strategy, which was discussed by Mr. Christopher and Mr. Kozyrev in a meeting Thursday, would essentially set aside for now the overarching goal of the international peace plan mediated by Cyrus R. Vance and Lord Owen. That plan would require the Bosnian Serbs to withdraw from about half of the territory they hold.

Mr. Christopher declined to discuss the strategy in detail. "I think that we have agreed on a series of matters we want to discuss with our counterparts from France and the United

See BOSNIA, Page 6

In another densely populated area of the city, old nuclear reactors at a randown research institute comtinue to operate, despite warming from Russia's former top inspector that they pose a serious threat to the city. Neighbors have armed themselves with Geiger counters. Throughout Moscow, automobile pollution has got so heavy that vegetables grown in family garden plots near

Ukraine Nuclear Plant Fire Kills One

Kiosk

KIEV (Renters) -- A fire broke out Friday at a nuckear power plant in Ukraine, killing one worker and seriously injuring another, local officials said. But they said there was no increased radiation and no danger to residents or the environment. An official in the central Ukrainian city of

Zaporizha said sparks from a welder's torch ignited hydrogen from a pipe in one of the

plant's six reactors. The station is 50 kilometers from Zaporizha, which has 900,000 people. The official quoted the plant's director as saying the incident was not linked to reactor processes.

4 Die in Bomb Blast Near Cairo Police Station CAIRO (Renters) — A bomb exploded militants. Fariler, a policeman was killed in

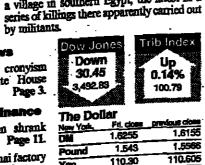
outside a police station in central Cairo on Friday, killing 3 people and wounding 16 in what appeared to be an attack by Islamic by militants.

Starting Over Restructuring businesses and

Has Britain emerged leaner

Republicans cry cronyism over new White House travel staff.

Business/Finance British inflation shrank dramatically. Page 11. Survivors of a Thai factory fire got about \$200 in com-Page 15. pensation.



5,473

Clinton's Ordinary, \$200, Airport-on-Hold Haircut

By Ann Devroy Washington Past Service

WASHINGTON - President Bill Clinton, whose campaign seized hungrily on every sign of George Bush's distance from the lives of real people, is finding the tables turned. The White House is staumchly defending high-rolling presidential hair care.

The president has to get his hair cut, everybody has to get his hair cut," said the exasperated White House communications director, George Stephanopoulos. He was explaining why Mr. Clinton kept Air Force One on the ground in Los Angeles for an hour Tuesday night while his hair was cut and commercial planes may have been delayed

And then he was explaining why Mr. Clinton kept the plane on the ground in New Mexico for 40 minutes the day before while the presidential sideburns were trimmed.

The White House denied that the president was putting hair care, rather than people, first. Mr. Clinton, elected on a theme of "Putting People First," was helped along in his campaign by portraying Mr. Bush as out of touch with ordinary Americans. On Thursday, Mr. Stephanopoulos suggested that Mr. Clinton, in his use of Air Force One, was no different than Mr. Bush. The former president, he said, even Bill and Hillary Clinton showing off their current cofffures.



stayed aboard Air Force One overnight on several occasions.

Mr. Bush, in fact, was a stickler for promptness. There is no evidence that he kept Air Force One on the ground while he conducted personal business. He did stay aboard the plane one night in its hangar at Andrews Air Force Base when he made a one-day trip to and from South America. Mr. Bush decided to sleep on the plane instead of getting up for the flight in the middle of the night.

Clinton officials insisted other air travelers were not inconvenienced by a Clinton summons to Christophe, a Beverly Hills hairstylist, aboard the plane for a trim that costs average customers \$200. The cost of the Clinton coiffure was unclear.

Airline officials in Los Angeles were quoted in wire service reports about delays of commuter flights because of a shutdown of two of the four runways at Los Angeles International Airport while the hairdresser worked.

The White House denied that it had ordered the runways shut down, but runways are routinely shut when a president's plane arrives or departs as part of his security. Sources confirmed two Los Angeles runways were closed

See CLIPPED, Page 6

A Wait-and-Hope Approach

West Concludes Bosnia Is a Risk to Be Avoided

By Craig R. Whitney
New York Times Service BELGRADE - International outrage, economic sanctions and threats may have come

down to this: In the end, the world seems prepared only to wait and hope that the Bosnian Serbs will stop fighting.

This is also where the leadership of Serbia proper now finds itself. President Slobodan Milosevic, his economy recling and his country diplomatically isolated, personally pressed his brother Serbs in Bosnia to agree to the Vance-Owen peace plan and was humiliated by their

Now, he insists that he still supports the plan, and hopes the Bosnian Serbs will finally accept it. After a week that saw Croats and Muslims, once allies against the Bosnian Serbs, now fighting each other, European and U.S. political leaders have apparently reached the conclusion that Bosnia-Herzegovina is a huge and perilous ethnic morass that innocent outsiders enter at their risk.

"You cannot just send an army into Bosnia to drive assailants out because the people doing the fight-ing are themselves Bosnians," De-Secretary Malcolm Rilkind of Britain said in Indonesia. "It is a

The Clinton administration tried briefly and unsuccessfully to convince its European allies earlier this. month that they could not simply

went down to defeat.

But as the complexities mounted, the administration seemed to lose the courage of its conviction military targets would bring peace

If the allies decide merely to assist United Nations efforts to contain the conflict rather than try to-

NEWS ANALYSIS

end it by force, the military problems will still be considerable. Taking up Mr. Milosevic's invi-tation of last summer to send an

international monitoring force to patrol the burder between Serbia and Bosnia and verify his claim that no military supplies are going to the Bosnian Serbs would be "very labor- and equipment-inten-sive," said Shannon Boyd, the spokeswoman for the UN force in Croatia, where Serbs and Croats are also battling

Goran Percevic, a spokesman for Mr. Milosevic's Socialist Party, said that the offer on border monitors still stood, and Foreign Minister Andrei V. Kozyrev of Russia hinted during a visit to the Balkans earlier this week that his country might provide some troops for such

Mr. Kozyrev also said he had

the Bosnian-Croatian border.

The United States is opposed to sending troops to the Balkans unless a real peace accord is worked that lifting the arms embargo for out, and a report by the UN secre-the Muslim-led Bosnian govern-ment forces and bombing Serbian on the UN operations in Croatia seems to confirm some of the U.S. military commanders' doubts.

> The UN force in Croatia was sent to assure the security of areas where mainly Serbs lived, on the essumption that they would accept Croatian sovereignty in exchange for protection of their rights.

instead, the report made clear, the Serbs in Croatia never ceased trying to press for independence from Croatia, and last January, Croatian forces went on the offensive against them in many areas.

The report said there were "daily

manifestations of hostility" toward

the UN forces, especially "towards Four UN soldiers have been killed in Croatia in the last two months, and Serbian commanders in Croatia have said they regard the UN troops as a hostile p

North Atlantic Treaty Organization commanders in Belgium have been warning their governments about just such attitudes, and the secretary-general's report on the force in Croatia warned that it could no longer fulfill is mandate.

The mandate is scheduled to exnire at the end of June, and the report summarized the options that



Children at play in the remains of a Kabul shopping center Friday. The Red Cross estimates 1,000 dead in nine days of shelling.

Red Cross **Makes Plea** For Kabul

GENEVA - Nine days of shelling have made life in Kabul intolerable, with more than 4,500 wounded there, a senior official of the International Committee of the Red Cross said here Friday.

"We cannot count the number of dead, but there are probably around 1,000," said Jean-Michel Monod, the Red Cross chief for Asia. "The situation is extremely difficult" he added. "Afghanistan desperately needs the world's attention." Mr. Monod said the shelling of Kabul had reached unparalleled intensity, even worse than the clashes last

The Red Cross and Doctors Without Borders are the only aid mounts remaining in Kabul. The 15 Red Cross workers are keep-ing two of Kabul's five hospitals in operation, and every week the agency manages to bring in med-

ical supplies. On Wednesday, the leaders of the two main opposing Afghan factions agreed on a cease-fire and the composition of the future government, but the fighting continued, and observers in the region doubt that a real set-

Belgrade Rejects Letting UN Monitor Its Aid Flow to Bosnia

slavia said Friday that his country could not accept the deployment of United Nations monitors on its borders with Bosnia to ensure that Belgrade cuts off strategic supplies to rebel Serbs.

In an interview for British Sky News television, Mr. Cosic said that the deployment would endanger Yugo-slav sovereignty and that to insist on the idea was

"We cannot accept monitors for reasons of princi-ple and on moral grounds," Mr. Cosic said. "They are unnecessary. They do not solve the problem, and they endanger our sovereignty and offend the dignity of our state and nation.

Compiled by Our Staff From Dispatcher tion, sponsored by Europeans with tepid support from BELGRADE — President Dobrica Cosic of Yugo-Washington, to send about 500 monitors to frontier posts between Yugoslavia and Bosnia to make sure arms and fuel do not get through.

> Its passage has been delayed until next week to give the United States, Europe and Russia time to devise a joint approach to ending the war in Bosnia after Serb rejection of the current peace plan.

> The rump Yugoslavia and its dominant republic Serbia have been regarded by the West as the primary suppliers of the Bosnian Serb forces throughout most of the conflict.

> The federal and Serbian governments announced that they would halt all supplies except food and medicine to the Bosnian Serbs after Mr. Cosic and

their backing for the plan. The move has outraged extreme Serbian

Mr. Cosic said Yugoslavia had to be trusted. There were other ways than monitors to check that it was imposing the blockade, he said.

Mr. Milosevic has called for monitoring of all Bos-nia's borders, including its long frontier with Croatia, which has been the main transit route for arms supplies to Bosnian Croats and to Muslim-led govern-

Mr. Milosevic and Mr. Cosic reversed their opposition to the peace plan, drafted by the mediators Lord Owen and Cyrus R. Vance, after the UN tightened

"a ghetto, a quarantine, a concentration camp" and made its republics. Serbia and Montenegro, hostages to the civil war in Bosnia.

He said the Vance-Owen plan, which would divide Bosnia into 10 provinces, mainly along ethnic lines, had flaws but was a basis for a negotiated peace.

But he said Bosman Muslims and Croats, who have signed the plan, were now destroying it by fighting and expelling each other's communities from areas the ed allies would hope to control if it is carried

"They've burned it in an infernal, terrible, genocidal

Worldwide Serbian Network Breaks Sanctions, U.S. Says

By Michael R. Gordon

New York Times Service

Sprint Express Countries

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Alfonduras

the economic pressure on Belgrade,

front companies used by Belgrade

to defy United Nations sanctions. The Clinton administration si-

governments to freeze the assets of the Serbian front companies. Under the Security Council reso-

multaneously barred U.S. compa-nies from doing business with the en economic sanctions on Yugosla-

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required to take action against to earn hard currency through its companies identified as working on network of foreign-located subsidbehalf of Belgrade.

"Yugoslavia has continued to comb, director of the Treasury De-

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worldwide network of 165 Serbian Serbian network and urged foreign via, United Nations members are conduct its international trade and partment's Office of Poreign Assets Control. Mr. Newcomb said that naming the companies would "help expose iaries, branches and representative

offices," said R. Richard Newand interdict the millions of dollars in Yugoslav government assets flowing between private bank vaults abroad." With the United States and its

allies at odds over how to quell the fighting in the Balkans, economic sanctions remain the main form of leverage on Belgrade.
President Slobodan Milosevic of

Serbia says he has closed the Serbian border to Bosnia to all but food and medical relief. But some trucks officials have expressed skepticism about Mr. Milosevic's intentions. They are especially wary of his be-lated support for the UN peace plan, which has been rejected by his Scrbian colleagues in Bosnia. Publication of the list of Serbian

front companies not only will in crease pressure on Belgrade, but also will effectively put many of the U.S. allies to a test Russia and West European nations are now being asked to freeze the assets of the companies on their territory.

Many of the 165 companies named by the United States were once part of the state-run trading system of Yugoslavia. Although these companies have become pri-vatized, American officials say they are still taking their orders from

Belgrade.
The Clinton administration says that some of the companies listed have been a useful source of foreign currency for Serbia. By earning foreign exchange, the companies are able to finance attempts to buy and deliver goods to Serbia in violation of UN sanctions. American officials said that oth-

er companies listed as being under Beigrade's control were not currently believed to be actively in-volved in circumventing the trade ban on Serbia. But the officials are worried that

some dormant companies con-trolled by Yugoslavia could be activaled as other parts of the Serbia trading network are shut down. Many of the companies identi-fied are foreign branches of General Export and Inex-Interexport Ltd., Serbian-based trading com-

Others are individual companies around the world.

John Pochna, 80, Oil Adviser, Dies

International Herold Tribune PARIS - John Pochna, 80; legal compselor and adviser to J. Paul Getty, Aristotle Onassis and Adnan Khashoggi died Wednesday while on vacation in Deanville

Mr. Pochua created the Neutral Zone Concession in Sandi Arabia for Mr. Getty and Pacific Western Petroleum, which later became the Getty Oil Company.

He was general manager of the company in the early 1950s when the great Waira field was discovered. He subsequently lived in Monte Carlo and acted as adviser to Mr. Onassis

WORLD BRIEFS

Kabin Weighs a Vote on Peace Deal

JERUSALEM (Reuters) - Prime Minister Yitzhak Rabin could offer to call a referendum on any land-for-peace deal with Arabs in order to attract rightist parties into his splintered Israeli coalition, his spokesman and Bridsy.

said Priday.

The spokesman, Gad Ben-Ari, said Mr. Rabin's office had prepared a included a referendum option. "Rabin would like to broaden the basis of the government and have more bodies join the coalition because he believes it would strengthen the government," he said.

Israeli political analysts called the overtures to Tsomet a ploy to put pressure on Mr. Rabin's fending coalition partners, Meretz and Shas, to

settle their dispute. The religious Shas faction has threatened to quit the government over its dispute with the secular leftist Meretz bloc. Shas's departure would cut Mr. Rabin's majority in the 120-seat parliament to 61, a margin which he believes is too narrow to push through any peace settlement sequining the return of captured Arab land.

Last-Ditch Peace Talks Fail in Angola

ABIDIAN, Ivory Coast (AFP) — Peace talks between Angolan rebels and the government ended in failure Friday despite an ultimatum set by the United Nations secretary-general, a UN official said.

The official, Margaret Anstee, said delegations from the government and the National Union for the Total Independence of Angola had been called into a last-minute round of talks in hopes of meeting a Friday deadline set by Secretary-General Butros Butros Ghali, but the talks

U.S. Sees End to Pretoria Sanctions

WASHINGTON (AP) — Once a framework is established for multiracial elections in South Africa, the United States will support the lifting of omic sanctions against the Pretoria government, Secretary of State Warren M. Christopher said Friday.

Addressing an African-American Institute conference, Mr. Christopher said the Clinton administration "will provide strong and visible support for the movement to freedom in Africa — to democracies and

He called the transition to multiracial democracy in South Africa "important for Africa, the United States and the world." The Pretoria government and the African National Congress are negotiating terms for elections as well as for the creation of a Transitional Executive Council. Once the council is established and a date for elections is set, Mr. Christopher said, the United States will work with other industrial nations "to help South Africa re-enter the global economy."

Spain's Socialists Take Lead in Polls

MADRID (Reuters) — Spain's governing Socialists moved slightly

ahead of opposition conservatives in opinion polls as official campaigning began on Friday for the June 6 general elections.

Polls published in two papers to coincide with the start of the campaign gave Prime Minister Pelipe González's Socialist Workers' Party a lead of two to four percentage points over the Popular Party led by lawyer José-

The polls were the first taken since the peseta was devalued last week for the third time in eight months and spoiled predictions the devaluation would cost the government support.

For the Record

A senior Pakistani official denied Friday that Islamabad had received M-11 missiles from China, calling reports of such transfers speculative and "motivated."

A leading Musika rebel fighting to overthrow Indian rule in Kashmiz was arrested Friday after a shoot-out, the police in Srinagar, India, said! Sheikh Abdul Aziz, military commander of Al Jehad was arrested in Nelota village in southern Kashmir.

A fire razed a 180-room hotel in the Philippines and injured several guests. The police said it began in the kitchen of the Magellan Hotel in Cebu City, 575 kilometers (about 360 miles) southeast of Manila. (AP)

TRAVEL UPDATE

America West Airlines reduced some summer fares by as much as 35 percent, and other carriers followed suit. America West said it was cutting fates for travel through September on its Boston-Las Vegas, New York-Los Angeles and Orlando-Phoenix routes, among others. Tickets must be purchased by June 15. Spokesmen for American, Continental, TWA, United and Southwest Airlines said the carriers would match the fares in cities where they compete with America West.

Victoria and India signed an agreement under which their airlines will exchange scheduled flights. A spokesman for Vietnam's Civil Aviation Administration said the destinations would be Hanoi and Ho Chi Minh City in Vietnam and New Delhi and Bombay in India. It was not known when flights would start and how many there would be.

India's seven northeastern frontier states are to remain out of bounds to foreigners for reasons of security and poor infrastructure. Tourism Minister Ghulam Nabi Azad said. The states — Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura - are plagued by ethnic unrest

Warsaw bus and streetcar drivers went on strike Friday, paralyzing traffic in a one-day protest to demand greater spending on transport and changes in working conditions.

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John POCHNA international lawyer, died May 19,

1993, in Deauville, France, Puneral. Service will be held on May 25, at 11.30 am, at the cemetary of Deauville "Le Côteau"

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STATESIDE / RETHINKING MALPRACTICE

Bentsen's Power-Broker Image Takes a Blow

WASHINGTON — When President Bill Clinton named Lloyd Bentsen to head the Treasury, he expected the senior senator from

Six months later, Mr. Bentsen's reputation is on the line. One Democratic vote might be all that stands between the mati-

nons Senator David L. Boren, Democrat of Oklahoma, and a radical overhaul of Mr. Clinton's tax plan by the Senate Finance Committee. The panel has 11 Democrats and 9 Republicans, and Thursday Mr. Botta joined with Senator John C. Danforth, Republican of Missouri, to propose eliminating many of Mr. Clinton's tax proposals, including the energy tax, and substituting big spending cuts.

As the senior official in the administration, as the cabinet member most directly responsible for taxes and as the former chairman of the Senate Finance Committee, Mr. Bentsen, 72, is supposed to be just the man to prevent this sort of disaster.

In a recent White House meeting, strategists discussed whether to drop Mr. Clinton's proposed energy tax in the House if it was doomed in the Senate anyway. Mr. Bentsen urged them to stick with it, and said he was confident the Senate would back the broad energy tax, according to a White House official who attended the meeting.

Mr. Bentsen said he had met with Mr. Boren "more than once" in an effort to head off a defection. And all week Mr. Bentsen has been furiously lobbying to keep the remaining 10 Democrats on the 20-member Senate Finance Committee in line.

"We've got a tough fight on our hands," he said Thursday afternoon at a news conference at the Treasury.

In ways, Mr. Bentsen has been the odd man out. When cabinet members went on a retreat to Camp David, Maryland, and tried to get closer by revealing private details about themselves, he went to bed early.

"There's been a lot of hugging that's taken place," Mr. Bentsen said in early March. "I've tried to practice a bit. They don't pound on

the back as much as we down on the Texas border." His willingness to make deals with special interest groups and

regional interests over the shape of the energy tax has rubbed some cabinet members the wrong way. At a meeting on the details of the energy tax, one cabinet member remarked to another that the conversation could have taken place during the Bush administration; the comment was not meant as a compliment,

Down-and-Dirty Fight Over Gay Nominee

WASHINGTON — President Clinton's nomination of the gay-rights activist Roberta Achtenberg as the government's top fairhousing official has touched off an acrimomous debate in the Senate, as opposing sides accused each other of extremism and noncombat-ants pleaded for an end to the hostilities.

Despite the delaying tactics, Senate leaders have reached agreement on a plan to vote on Ms. Achtenberg's nomination Monday. If she is confirmed, as expected, she will be the first openly homosexnal woman appointed to such a high federal office. The debate over her confirmation also marks the first time that a nominee's sexual orientation has been an issue in a confirmation proceeding on the Senate floor.

Conservative Republicans opened the attack, describing her as a "mean-spirited" militant who would seek to impose her values on policies under her jurisdiction as assistant secretary of housing and urban development in charge of fair housing and equal opportunity.

"Call it gay-bashing if you want to," said Senator Jesse Heims, Republican of North Carolina, who led the assault. "I don't call it that. I call it standing up for America's traditional family values." Ms. Achtenberg's supporters struck back with equal force, making

accusations of "character assassination" and "demagoguery."

Tensions rose to the breaking point when Senator Barbara Boxer,
Democrat of California, read a statement from the mayor of San Francisco, Frank M. Jordan, accusing Mr. Helms of pursuing a "bigoted campaign" against Ms. Achtenberg and declaring that Mr. Helms's "appeal to the lowest level of discourse demeans both the

Quote/Unquote

17 F & 1

, in No

President Clinton on a Senate faction's effort to reshape his deficit-reduction plan: "When you strip all the rhetonic away, there's \$40 billion worth of bardens on people just above the poverty line, and \$40 billion less on those of us like me who can afford to do a little more for our country."

Now, Patients Might Sue Insurance Firms, Not Doctors

New York Tunes Service

WASHINGTON - President Bill Clinton's advisers have outlined a proposal for important changes in the handling of medical malpractice lawsuits under which individual doctors would be relieved of legal responsibility for negligence.

Instead of suing their doctors, injured patients would sue insurance companies and health maintenance organizations that employ the doctors.

Dr. Robert Berenson, a senior member of the staff of Mr. Clinton's Task Force on National Health Care Reform, said the proposal was based on the idea of "enterprise liability." Corporate enterprises — networks of doctors, hospitals and insurance companies -would be legally responsible for injuries caused by a doctor's negligence, he said.

Under this approach, Dr. Berenson said, "seme-ments would occur many years earlier in many cases."

they need, would get their rehabilitation and their lost wages, instead of having the sort of lottery that now other corporate enterprises.

supervision of their care by insurance companies and liable for negligence, but rather the health plan would be." takes 5 or 10 years."

Administration officials would make health plans responsible for monitoring the quality of care delivered by doctors, on the theory that managers of a health plan would then crack down on doctors delivering substandard care. Health plans would set guide-lines, and doctors following the guidelines would be presumed to practice good medicine.

Federal officials say the guidelines may also dis-courage doctors from performing unneeded tests and procedures. Moreover, they say, the proposal could encourage health plans to settle meritorious claims, through informal hearings and other alternatives to

Doctors have long sought changes in the handling of malpractice cases, and the White House apparently hopes to win their support. But doctors' groups com-He added: "Patients would get the compensation plained Thursday that the plan would lead to intrusive

The administration contends that its proposal can reduce litigation costs, but it does not envision huge savings. It does say the proposal can benefit consumers by giving health plans strong incentives to monitor and improve the quality of care.

Mr. Clinton will also ask Congress to establish certain legal standards and uniform procedures for the handling of malpractice cases, administration officials said. The handling of such claims is now governed mainly by state law, and as a result it varies widely from state to state.

Dr. Berenson, the head of a committee working on malpractice, and Kathleen Hastings, a member of the committee, gave details of the administration's thinkng at separate news conferences Thursday.

Describing the proposal, the doctor said: "A health plan would be liable for the negligent acts of its contracted or employed practitioners and providers. The individual physician would not be personally

Mr. Clinton originally intended to send his health plan to Congress by May 3 but has fallen behind schedule, and the White House now says he will not unveil it before mid-June. Congress is sure to alter it, but lawmakers express confidence that they will pass legislation by the end of next year to remake the health-care system.

The president has not made final decisions about the details of his health plan. But Dr. Berenson's decision to speak publicly about the idea of enterprise liability suggests that it has already cleared many hurdles and is likely to be included, in some form, in

The government says doctors spend \$5 billion to \$6 billion a year on malpractice insurance, with hospitals spending half again as much. But malpractice premiums account for less than I percent of national health



Cynthia Stephens, a county judge in Michigan, after she overturned the state's ban on assisted suicide. The American Civil Liberties Union had sued on behalf of two terminally ill patients, arguing that the ban violated constitutional rights to privacy.

Away From Politics

 A Michigan han on assisted suicide that was rushed into law to stop Dr. Jack Kevorkian was struck down on procedural grounds by a Detroit judge, Cynthia Stephens, who warned that even if the flaw was fixed, the measure still would not stand up. The new ruling could thwart efforts to prosecute Dr. Kevorkian, who was arrested this week after being present at a 16th suicide.

 A two-year outbreak of measies eased last year, thanks apparently to widespread vaccination of preschoolers, the Centers for Disease Control and Prevention said. According to the Atlanta-based center, there were an estimated 2,200 cases in 1992, compared with 27,786 reported at the height of the outbreak in 1990.

• A Baton Rouge resident who killed a Japanese exchange student he mistook for an intruder had waved a .44-caliber Magnum as a warning, a Louisiana defense attorney argued, but the youth ignored it and ran right toward him. "Not a small gun," said the attorney, Lewis Unglesby, of the weapon Rodney Pears used to shoot Yoshihiro Hattori, 16, on Oct. 17. Mr. Pears, 30, faces a maximum of 40 years in prison if convicted of manslaughter.

 New York City's free-lance windshield washers are to be the subject of a new study. The city Police Foundation is paying a Harvard academic \$20,000 to investigate the practice of washing windshields while cars are stopped at stoplights, often against motorists wishes. George Kelling, a criminologist, promises to look at various methods of defusing the situation. "Not just arrests," he said. "There are other ways to approach this."

• A woman paid \$10,000 to bear a comple's baby has no rights to it, California's Supreme Court said in the first state ruling upholding a surrogate-motherhood contract. The ruling gives Mark and Crispina Calvert full rights to their 2½-year-old boy, Christopher. He was born from an embryo genetically kin to both Mr. Calvert and Mrs. Calvert, which was placed in the womb of Anna Johnson.

A Tennessee bill to put prayer in school has been approved by the legislature despite warnings that the measure may violate the U.S. Constitution. Governor Ned McWherter, a Democrat, must act on the bill within 10 days or it becomes law. He has not said whether he will sign it, but has indicated that he will not veto it.

Settlement of Civil-Rights Lawsuit Strips Largest Klan Group of Assets

By Lynne Duke

Washington Past Service
WASHINGTON — In settling a federal civil rights suit, America's The damages were ordered paid largest Ku Klux Klan group has after Mr. Farrands's organization.

press to cash.

The settlement brings to an end a five-year legal battle to get the In-Khix Klan and its "imperial wiz-

damages to a group of civil rights down the Invisible Empire.

agreed to give up its name, its mail- and the Southern White Knights, a ing and subscription lists, and all far smaller Klan group, were found its assets, ranging from a printing guilty of having violated the civil rights of black marchers who were set upon by a Klan-led mob in 1987 in northern Georgia.

Law Center attorney for the march- rands - along with the former

"We're in effect taking over evcrything," Mr. Dees said, "We're getting not only the Klan's cash but they're giving us the entire office equipment, their computer, their

Carver, the Invisible Empire, and its publishing arm, Empire Publish-

and to cease using the name Invisi-According to the settlement, ble Empire, Knights of the Ku which was filed in Georgia District Khux Klan, Lists of Klan custom-

Cornelius worked closely with

World Wide when she handled

travel for Mr. Clinton's campaign

cial interest in World Wide Travel

at all," he said. "Thomason has no

financial interest in any company

bidding on any White House work

World Wide was selected, he

said, because it had a track record

from last year's campaign and was

the largest travel agency in Little

"David Watkins had no finan-

ard," James W. Farrands, to pay ers, said the settlement would shut Georgia grand dragon George are to be destroyed, according to the Knights of the KKK in 1975 not mean that the Invisible Empire

Mr. Farrands and the Empire —a group that operates in 20 states with the court order, Mr. Shannon and success and subsets are subsets and subsets and subsets and subsets are subsets and 11.000 - will cease to exist said ble Empire, Knights of the Ku Mr. Farrands's attorney, Terrance A. Shannon of Atlanta. The Invisi-Morris Dees, a Southern Poverty Court on Wednesday, Mr. Farers, members and subscribers to ble Empire was formed from the aw Center attorney for the marcherands — along with the former "The Klansman," a newsletter, all various groups that split away from

the agreement.

But although Mr. Farrands, who

with the departure of David Duke,
who has unsuccessfully sought the ing Inc. — was ordered to pay a is from Sanford, North Carolina, governorship in Louisiana as well total of \$37,500 to the 50 plaintiffs has agreed to these terms, that does as the presidency.

Mr. Farrands plans to comply ing sure the KKK continues."

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Ouster of White House Travel Staff: Republicans Cry Cronyism

By Richard L. Berke New York Times Service

WASHINGTON -- Bombarded by assertions from Republicans that the White House dismissed its travel staff to reward friends and relatives, the Clinton administration has disclosed that the action occurred after a close friend of President Bill Clinton sought White House business opportunities for colleagues in the travel

Administration officials also acknowledged that the travel agency that is temporarily taking over the White House accounts once had business, financial and political ties to Mr. Clinton and his associates. Last year, the agency helped pay off old Clinton campaign debts. And the officials backtracked

from an assertion they leveled Wednesday against the seven mem-bers of the travel staff, whom they had accused of overcharging re-porters for travel on White House charters. The staff arranges travel for news organizations covering the president and for White House staff members. None of the transactions under question involved onblic money.

The dismissals set off angry denunciations from Republicans, who accused Mr. Clinton of cronyism, and left White House officials stunned that an action they characterized as part of a routine government-wide performance review would dominate the national news.

Reacting sharply to the outcry, George Stephanopoulos, the White House communications director, said he had no regrets about how the dismissals were handled. "For years, people turned a blind eve to financial mismanagement."

he said. "We followed up on questions, authorized a proper review by an independent auditor, which raised questions of serious mismanagement. And we took the appropriate action. For the first time in years, the White House travel office will act under a competitive bid

Mr. Stephanopoulos acknowledged that Harry Thomason, the Hollywood producer who is a close friend of Mr. Clinton and who owns an airplane charter company, helped spur the White House inquiry several weeks ago by complaining to David Watkins, the White House management chief who han-

that the charter industry was un-happy that the lack of a bidding same Arkansas bank as the agenprocess was shutting them out. Mr. Stephanopoulos said.

He also said that it was Mr. Watkins's decision to dismiss the travel office, although this was made with the approval and authority of his supervisor, Thomas F. (Mack) McLarty, the chief of staff, and of sident. Mr. Stephanopoulos said Mr. Clinton "didn't know the details" of the problems the White House said existed in the travel

Mr. Watkins had ties to the owner of World Wide Travel, an agency based in Little Rock, Arkansas, that will handle White House travel arrangements until a more permanent staff is put in place. He was a

cy's owner, Betta Carney, White House officials said.

In addition, Ms. Carney and her family, and World Wide Travel were major political supporters of Mr. Clinton. Last year, when the former Arkansas governor needed to raise \$100,000 to pay off state campaign debts for which he was personally liable, World Wide Travel itself and three Carney family members each contributed \$1,000, the maximum permitted, to

help retire the debt. Clinton's, will handle the daily op-

The accusations against Mr. Clinton have only increased in intensity because Catherine Cornelius, 25, a distant cousin of Mr.

White House officials said they had asked the accounting firm of Peat Marwick to review the travel office after Mr. Thomason told them that charter companies, in the words of a White House official.

either.

Cuba Investment

ican National Foundation.

Mr. Thomason told Mr. Watkins longtime client of World Wide and erations of the travel office. Ms. were concerned that there appeared to be "a very cozy relationship" between the office and UltrAir, the charter company that transports the press on presidential

> They also said the travel office had appeared to follow lax staffing and accounting procedures, with employees not working full weeks and many records nonexistent. Asked why Ms. Myers disclosed that the Federal Bureau of Investi-

> gation was looking into the activities of the travel office - a statement that some said could harm the reputations of the accused — Mr. Stephanopoulos said she did not raise the matter but was responding to question at the news briefing. Among other accusations, White

House officials had said the travel office had failed to account for thousands of dollars in billings to the press. The review found seven questionable petty cash disbursements over the last 16 months that amounted to \$20,000 and were not entered into office ledgers. An eighth check was recorded in the ledger, according to the review, but



AMERICAN TOPICS

Pizza Chain Is Asked To Slow Its Deliveries Four consumer groups, citing safety concerns, have asked Dom-

ino's Pizza Inc. to stop guaranteeing delivery in 30 minutes. For deliveries that take longer, customers get a rebate; the amount depends on how much longer. Public Citizen, Consumer Fedcration of America, the Center for Auto Safety and the National Consumer's League said the guarantee "threatens Domino's drivers, pedestrians and other motor-

contends that it trains its drivers to put safety first. A spokesman for the consumer groups said he had no statistics on

accidents related to the guaran-

Earlier this month, Domino's paid \$2.8 million to the family of Susan Wauchop, 41, of Calumet City, Indiana, who was killed in 1990 by a pizza truck allegedly speeding to meet a 30-minute deadline.

Short Takes

World population is growing at the fastest pace ever, and virtually all growth is in the Third World, according to the annual survey by the Washington-based Population Reference Bureau. It said world population would reach 5.5 billion by mid-1993, then 8.5 billion by the year 2025, "only if birth rates continue to come

they don't, growth will be even Time does not heal all oil stills.

Crude oil and fuel oil are broken down by marine bacteria into harmless substances. But a marine laboratory in Sequim, Washington, found that as diesel oil weathers, it becomes toxic to bull kelp, the dominant seaweed along the coasts of Washington state, British Columbia and Alaska. The report said weathering apparently converted diesel oil into such toxins as carbolic acid.

"Dave," a new hit film in which the president of the United States falls ill and is replaced by his stand-in, is "based on a false premise, that the Secret Service sometimes uses presidential lookalikes as decoys," reports Manreen Dowd, a member of The New York Times bureau in Washington. She says, however, A Domino's spokesman do down as expected." He added, "If that both George Bush and Bill down as expected."

Clinton have had Secret Service | are required when 10 words are agents closely resembling them in face and build, "presumably to confuse would-be assassins."

A man threw a baby off a bridge into the Allegheny River, witnesses in Oakmont, Pennsylvania, told the police. But when they investigated, they discovered he had only tossed away his bowling ball. "He had a bad game," said an officer in the Harmar Township Police Department. "This is the ultimate gutter ball."

with my friend, I met someone I had not seen in four years," writes a reader of Judith Martin's syndicated Miss Manners column. "I didn't introduce the two of them because they would probably not see each other again" and the con-versation was brief. Even so. "My friend was upset and said that although introductions are not needed for a passing 'Hello,' they spoken." Miss Manners replied. "While not counting words, Miss Manners uses the Standing Around Feeling Stupid test. If your friend was left standing there long enough to feel stupid and evidently he or she was, intro-

Scene in a mid-Manhattan coffee shop, as reported by Ross Gaffney, a New York Times reader, to the Metropolitan Diary column, as a counterman drew coffee and added milk: Customer: Wait! Wait! Could

you make that a little lighter? Counterman pours milk gener-Customer: Hold it! Hold it! That's far too light!

time bring a swatch.

Arthur Highee

Counterman, with a shrug: Next

Florida Law Bans

MIAMI - Florida state government is banned from investing in any companies that do business with Cuba, and it must divest itself of any holdings there, under a new law signed by the governor.

"We're not going to trade with Fidel Castro or do things that will help him stay in power," said Gov-ernor Lawton Chiles in a ceremony hefore the influential Cuban Amer-The law, signed Thursday, re-

quires the state to divest itself of holding interests in Cuba. Florida has similar laws barring investment in South Africa and Northern Ireiand. The law goes beyond the longtime U.S. embargo, although it will have no immediate effect because Florida's \$34 billion pension fund has no investments covered by the bill, an official said.

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The Next Maastricht Hurdle: Thatcher

LONDON - Prime Minister John Major has forced the Maastricht treaty through the House of Commons but still faces opposition to European union from its oppocluding the former prime minister, Lady Thatcher.

easier Friday after winning a late night vote on the treaty by 292 to 112, putting behind them an 18month struggle with rebels in the soverning Conservative Party.

Mr. Major had linked the vote to emment.

the referendum on Tuesday in Denmark, where the treaty was approved at the second attempt.

But the House vote was hardly a ringing endorsement, with fewer than half the 650 members backing nents in the House of Lords, in- it after the opposition Labor Party ordered members to abstain to proady Thatcher. test Britain's opting out from the Government ministers breathed treaty's social chapter.

Sixty anti-Maastricht Labor MPs defected to vote with 41 Conservative rebels. Five pro-Europe-an Labor members ignored their leadership and voted with the gov-

rough ride in the House of Lords. cies in the European Community Lady Thatcher has campaigned for and its executive. a referendum on the treaty and may try to ambush the bill with an amendment in the Lords to force a

"If the House of Lords is urged to overthrow that decision, then we have a major constitutional crisis." said Sir Edward Heath, a former Conservative prime minister and pro-European.

The bill to pave the way for rati-fication of the treaty now faces a brake on the centralizing tenden-

"Now is the time to press home the advantages of a more open Community, a less bureaucratized Community, a less centralized Community," said Environment Secretary Michael Howard.

He also reinforced recent statements by Mr. Major that Britain was not seeking an early return to the European currency grid, the Exchange Rate Mechanism, which Government ministers on Friday it left in September. It was, Mr. tried to allay rebel fears over Maas- Howard said, "not on the agenda."

Italy Ex-Socialist Leaders Set Up Rival Movement

ROME — Senior members of and businessmen. the Socialist Party, who quit after the resignation of the party leader, president, Gino Giugni, and three Giorgio Benvenuto, announced the other members of the staff — Enbirth of a new left-wing political

movement on Friday.

The development is the latest fallout of a widespread corruption scandal that has shattered the Italian postwar political system.

Mr. Benvenuto, 56, quit Thursday after party stalwarts blocked his moves to revamp the party, those which has been left reeling by a graft and corruption probe that has

implicated hundreds of politicians and businessmen.

Several hours later, the party's in Rome and could lead to a split in February after being implicated in probes of illegal party funding.

The goal of the meeting, Mr. Mr. Benveauto's attempts to re-

rico Manca, Mario Raffaeli and with the Democratic Alliance. Mauro Del Bue — also resigned. Mr. Benvenuto's political secretary, Enzo Mattina, said the party leader's decision to step down was final. He then announced "the birth of a reformist and Socialist

assembly bringing together all those interested in rebuilding the The new group is to meet May 29 Bettino Craxi, who stepped down order to save their own skins."

The Socialist Party is due to elect a new secretary Tuesday. A former Socialist prime minister, Giuliano Amato, is said to have refused an approach to head the party.

Mr. Benvenuto spent most of his

career at the head of a pro-Socialist union. He was elected to the post of party leader after the resignation of me through systemic anarchy in

vamp the party fell foul of leading figures in the party machine. By the end of April, he had accepted the need for Socialist politicians under

was largely ignored. A month later he, too, threw in the towel, saying: "Some of the leading figures think they can use the party for their own personal ends. They have tried to undermine

investigation to resign, but the call

U.S. Not Replying To Iraqi Gunners

Control of the contro

By Douglas Jehl
New York Times Service

WASHINGTON — American warplanes parrolling the no-flight zone over southern Iraq were met with anti-aircraft fire on three separate occasions this week but did not return fire, according to the

A spokesman said that the Iraqi shells all exploded well below the navy and air force fighter planes, and that the pilots had not regarded them as a threat.

Although some of the anti-aircraft fire was guided by spothents, he said it was unclear whether it had been aimed at the U.S. planes.

"I don't want to make anything out of this incident particularly—or these incidents — but I just wanted to let you know," said the orders are Pales. B. Hall spokesman, Robert B. Hall.

Under the rules of engagement for the U.S. patrols, it is up to the pilots to decide whether to respond to hostile fire. That the incidents passed without a military response suggested new restraint on the

part of U.S. forces in the region. The last time a navy plane patrolling in the zone encountered Iraqi fire, on Jan. 23, it responded by dropping a 1,000-pound (450kilogram) laser-guided bomb on the anti-aircraft battery.

On April 26, however, a navy EA-6B plane patrolling in the north did not respond even to an Iraqi surface-to-air missile that foll short of the aircraft.

In the latest incident, military officials said one of two air force F-15Es flying over southern Iraq at 12:20 A.M. Wednesday had banked away and dropped chaff when their pilots spotted anti-aircraft rounds being fired along a spotlighted path, but that they did not believe they had been threatened.

Other incidents occurred Monday, when two navy F-14s first reported at 8:13 P.M. seeing searchlights at four separate locations from which tracer rounds were being fired.

Islam, Youth and Poverty Fuel Combustion in Upper Egypt

By Caryle Murphy

Washington Past Service
HOZAIRAT, Egypt — For all of his 18 years,
Bestawi Abdel Meguid's home has been this tiny hamlet beneath a lush roof of spidery-topped date palms along an irrigation canal drained from the Nile.

Take away the electrical wires, and there are few signs that this village, 650 kilometers (400 miles) south of Cairo, is touched by the 20th century. Mud brick homes sit helter-skelter along narrow, dusty lanes. Donkeys are the main mode of travel, and the peasants' prized gamussas, beefy black water buffaloes that move with a funereal gait, serve as banks. When family savings are needed, a gamussa is sold.

This is the Hozairat into which a group of young Egyptians calling themselves Islamic Group came about five years ago, capturing the imagination and trust of Mr. Abdel Meguid and some of his friends. What happened here afterward offers a close-up look at what has now become a fiercely joined battle between the secular government and young militants form of the police. of Islamic Group whose aim is to set up an Islamic

It is a battle that has left nearly 150 people dead at the hands of militants and the police in the last 17 months, presented President Hosni Mubarak with his greatest domestic crisis, and raised concerns both here and in Western capitals about where Egypt is headed. Above all, this is a battle over the future identity of this most important of Arab countries.

Today, Mr. Abdel Meguid and three other Hozairat

heavily damaged by government security forces, and several residents say they have been tortured.

The story, however, begins with the poverty and isolation of this typical Egyptian village. Refrigerators and televisions are rarities here. Bread is baked in clay ovens, water for every need comes from manual pumps and straw mats pass for beds. Surrounding fields, laid out in checkered squares of green and brown, offer up wheat, potatoes, oranges, rice and sugar cane, which are transported to market by

Many of Hozairat's men work in Saudi Arabia and are absent for years at a time. There is one elementary school, and the nearest telephone is a mile away in a slightly larger village, where one doctor dispenses pills in a dark, dirty room, mostly for bilharzia, a debilitat-

Guns are plentiful. For centuries murderous violence has erupted in family feuds. Government is a distant, hostile outsider that intrudes mostly in the

Far more powerful is religion. Daily prayer is ex-pected, and God's word is destiny. These days, the two-lane asphalt highway passing Hozairat is crammed with processions of pickup trucks bedecked with flags and palm leaves ferrying devout peasants to airports and Red Sea harbors for the passage to Saudi Arabia. There, they will make their once-in-a-lifetime hajj, or pilgrimage, to Mecca, Mohammed's

When its activists first arrived here five years ago, youths await execution on charges of participating in Islamic Group encouraged people to pray and fast and terrorist activity. Seven houses in the village have been worked to reconcile long-fending families.

"They made right many things that were wrong," said a 23-year-old woman pumping water in Hozairat.
"This place used to be terrorized by fights between families. Islamic Group reconciled them. From the day they came here, they made people walk hand-in-

She said Islamic Group was "the best thing that ever happened to our village." She added: "The people who rule Egypt are taking all the money. Look at our village. You wouldn't know

it's part of Egypt. We have no services." Group members also took over Salaam Mosque, one of four in the village. There, where Mr. Abdel Meguid's family said he sometimes prayed, Islamic Group members raised a thatched roof to shade the prayer room, installed fans and painted an inscription rom the Koran over the door: "Whoever does not

allow one to pray is a tyrant."

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Khodari Masloob Mohammed built the mosque in 1979 with money from the Islamic Affairs Ministry. Referring to Islamic Group members, the 63-yearold imam said: "I built the walls, the doors and windows. The brothers built the rest."

Although the imam said he was "happy" when Islamic Group improved the mosque, he had left his job because their religious ideas were different from A youth listening to the conversation said: "These

people of Islamic Group came with diplomas. This

In Upper Egypt, its members instigated attacks on Christians and tourists as a challenge to the government in faraway Cairo, aiming to further their goal of creating a pure Islamic state. The blind - and some say complicit — eye that the police had long turned to Islamic Group opened wide as they and the militants were drawn into what became one of the region's st-ever family fouds.

This strife arrived here Nov. 12, the same day gummen opened fire on a tour bus in Qena, 15 kilometers away. Five German tourists were wounded, and panic spread; just three weeks earlier a British tourist was killed in an assault.

Mr. Abdel Megnid, then attending school in Qena, was caught at the scene with an automatic rifle, according to government newspaper accounts. According to the reports, he said that the five attackers had received their weapons the night before in a cemetery; that he had been promised 5,000 Eygptian

Reports said Mr. Abdel Meguid had been an Islamic Group member for three years. He was quoted as saying tourism was "immoral," since travelers drink alcohol and defy other Islamic strictures. Three other Hozzirat men, including a cousin of Mr. Abdel Me-guid's, Abdel Hadi Soghaiar, 20, were soon arrested.

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The four Hozairat suspects were among 49 defendants recently tried in a Cairo military court on charges relating to the Qena attack. All four were convicted last month and given death sentences, which Mr. Mubarak ratified last week. No date for the executions was disclosed.

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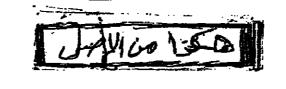
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By Andrew Pollack New York Times Service CHICHIBU, Japan - Since the factory where she worked for 30 years closed and left ber without a permanent job, Kimiko Kanda has not left her home much and is too embar-

rassed to talk to friends who still work at her old company. "Somehow, although I have done nothing wrong, I feel like a criminal," Mrs. Kanda said.
"I have never heard of people being fired in my

neighborhood or among my friends." Mrs. Kanda is one person whose life has been uprooted by Japan's deep slump, which is fraying the system of lifetime employment and causing many people to lose their jobs for the first time.

Plant closings and dismissals are rare in Japan, and the unemployment rate is a slender 2.3 percent. But when closings and job losses do occur, they can cause deep psychological dis-tress because people so closely identify with their companies and because unemployment is considered such an embarrassment.

Four individuals, three of whom have since found at least part-time work, agreed to interviews while they were unemployed. They talked about how their layoffs were carried out and how they were managing finances, hopes and

Work on the production line at the Ohkura Electric Co. defined Kimiko Kanda's life. She started there at 16 and stayed for 30 years. When her two children were infants, she sent them to Ohkura Electric's day care.

Ohkura makes specialized telecommunications equipment for the Nippon Telegraph and Telephone Corp., one of Japan's corporate giants. But as NTT has suffered from new compeand all other remnants of her life at Ohkura.

down trees. On rainy days, they were made to clean the toilets and kitchen of an old dormitobecause of a sales slump. tition and the recession, Ohkura's sales have plunged 25 percent in the last three years, and it has suffered heavy losses.

One year ago, according to former employees, Ohkura offered to increase severance pay by 30 percent for workers who would retire voluntarily. But when that offer did not attract enough people, the company decided to shut the 45-year-old factory where more than 300 people made specialized communications terminals in this small city 35 miles (56 kilometers) west of Tokyo.

On the morning of July 27, company managers, without saying a word, laid a plain envelope at each employee's work space. When they opened them, about 180 people learned they had been transferred. The remaining 130 workers were told they could voluntarily resign and take the extra severance pay or they would be

"Some people immediately began to cry on their desks," Kazumi Iwazaki, another former employee, said. "Some people rushed into the bathroom with handkerchiefs in their hands. Some people banged their desks in anger, saying. I devoted 30 years of my life to this

Mrs. Kanda, who was on vacation when the word came, got her notice by express mail. "When I opened it, I got angry and really cried," she recalled recently, tears returning to her eyes. "While I worked very hard at the

company, this was the way they treated me."

Since then, she said, she has destroyed or

Mrs. Kanda, who had been earning about 5 million yen a year, or roughly \$40,000, received a one-time severance of 12 million yen, or \$100,000. Unemployment insurance payments, which amount to 60 percent of her monthly salary, ran out in mid-April.

The family is not in immediate trouble, but the future looks troubled. Mrs. Kanda has found a part-time job working for the prefec-tural government, but the position will last only five months. Her husband, Isao, is a teacher at a driving school, but he will reach the mandatory retirement age of 57 in a few months. And with two children nearing college age, big education

expenses are looming.
It is impolite to dismiss someone in Japan, but companies can go to great lengths to force people out. Take the case of a programmer for the NJK Corp., a Tokyo software company.

When most of the company's programmers were sent out in the field to work with customers, he was assigned to headquarters, where for two years he sat in a vast office, all by himself

except for the division chief.

"My salary was paid, but I had nothing to do," said the programmer, who spoke on the condition his name not be used because publication would make it harder for him to find a new job. The programmer, in short, had joined the ranks of the shanai shitsugyo, or in-house

Last September, NJK told him that he would be retrained. Ostensibly to teach them good working habits, the workers were sent into the until last November, when the company called woods with axes and chainsaws and told to cut a meeting and announced that it would cut its

clean the toilets and kitchen of an old domnito-

One by one, the workers in the training program disappeared; it turned out they had quit. But the programmer endured, despite suggestions from the trainers to "make yourself comfortable as quickly as possible" by going somewhere else.

"At my age, it would be difficult to find a new job," said the programmer, who is 44 and has worked at NJK since 1976. "In this industry people say 35 is the retirement age."

Finally, after a month, he was sent to a suburban Tokyo office, but was almost immediately told by the manager there that he would be sent for more training, this time on an electronics assembly line. Again, the manager suggested he "restart" his life, and, again, the

But last November, after about a week on the line, he quit. He said he was told to write a letter stating he was resigning for personal reasons so that his departure would be classified as a voluntary retirement. An NJK official said the company had no comment on what the pro-

The programmer, whose annual salary was about 6.7 million yen, or more than \$55,000, received a retirement payment of 800,000 yen, or less than \$7,000. He now has a new job.

His silk tie, gold watch and well-cut suit mark Seiichiro Sakaguchi for the fashion salesman he is — or was. At 45, Mr. Sakaguchi was the section chief at a women's blouse maker

Mr. Sakaguchi protested at first, but then, he said, he realized that if he argued too much, it would ruin his reputation in the industry, making it harder for him to find another job.

Mr. Sakaguchi registered at three job banks. "I'm looking for any sales job," he said during his job search. "I'm not even stressing I should get a management job." Still, he had almost no job interviews in the four months he was unem-

He said unemployment did not cause any great financial difficulty because his wife is from a wealthy family. Rather, the shock was psychological. "I have to keep my face toward my children," he said. "I get mad when they ask me, 'You haven't found a job yet?" "

A recent telephone call to his house was answered briefly by someone who said Mr. Sakaguchi now had a job, but the person would

not give any details.

When Ohkura Electric informed Mrs. Kanda and here co-workers that it was shutting its factory, Kazumi Iwazaki refused to go along and has sued to get his job back.

"We should not allow the companies to dismiss workers so easily," said Mr. Iwazaki, a quality tester who worked at Ohkura for more than 20 years and met his wife there. "If we allowed that to happen, that type of attack will

occur all over Japan."

While most of the others "agreed" to resign and get the higher severance pay, Mr. Iwazaki refused, thereby forfeiting the pay. And while most workers immediately began claiming their remaining vacation days, Mr. Iwazaki contin-

New Skill in Japan: Learning to Cope When 'Lifetime' Contract Is Broken ued to report to work each day until the plant finally closed a month later.

Once Mr. Iwazaki's unemployment benefits expire there will be little to support his wife, three children and his 82-year-old father. His wife. Michiko, who retired last year when she felt her health was no longer up to factory work, has found a part-time job. And his daughters, age 21 and 19, have also taken jobs to support the family.

In order to devote full time to his lawsuit, Mr. Iwazaki, 44, is not looking for another job. To insure he keeps his house, he paid off his entire loan, draining his savings in the process.

Toru Fukuda, the Tokyo labor lawyer representing the workers, said that based on court precedents, a company has to meet four tests to ustify a mass dismissal of workers: the layoffs must be absolutely necessary, the company must have made every effort to avoid job losses; it must have consulted with the union, and the selection of those to be dismissed must not have been done in a discriminatory manner.

Mr. Fukuda intends to challenge Ohkura on all four aspects, contending, for instance, that Ohkura's profits in the good years were ample enough to make layoffs unnecessary in lean

Ohkura said it would have no comment be-

cause of the lawsuit. The lawsuit is expected to take years to

"When my wife gets really worried she says to me, 'How can we make it in the future?" Mr. Iwazaki said. "Sometimes I can't offer her a

Rebels Vow * To Reject Cambodia **Vote Result**

Compiled by Our Staff From Dispatches PHNOM MALAL Cambodia -The Khmer Rouge on Friday rejected United Nations claims that everything was set for elections in Cambodia, and said they would refuse to accept the outcome.

"We could not accept to be killed, swallowed and destroyed by the Vietnamese occupation," the spokesman, Mak Ben, said at a news conference at this Khmer Rouge stronghold near the Thai

He accused UN personnel of issuing Cambodian identity cards to Vietnamese living here, which would give them the right to vote during the polls that start on Sunday and run until May 28. He also accused the United

States of supplying arms to the Vietnamese and to the Phnom Penh government that Hanoi set up when it invaded Cambodia in late 1978, ending Khmer Rouge rule the

The United States flew in flak jackets, helmets and other emersupplies last week to help protect UN peacekeepers in Cambodia who have come increasingly

under attack in recent weeks. The guerrilla group maintains that about 40,000 of the 3 million to 4 million Vietnamese in Cambodia are soldiers who were part of the invading force. The international community generally accepts that the troops withdrew in 1989.

The Phnom Penh government is expected to have a good chance of winning next week's elections.

"Such an election does not bring peace to Cambodia," Mr. Mak Ben said. "It is organized in order to put fuel on the flames of war."

The elections are a final step in a peace agreement that the Khmer Rouge signed with Phnom Penh and two guerrilla groups in Paris in October 1991. The Khmer Rouge has since refused to abide by the terms of the accord and have vowed to try to stop the polls by whatever means, including vio-

Mr. Mak Ben accused the UN Transitional Authority in Cambodia of working to legitimize Vietnamese occupation.

He said that UN personnel "have admitted that there is no security, no neutral political environment and the elections cannot be characterized as 'free and fair,' yet they decide to hold the elections

The Khmer Rouge, he said, "totally rejects the result of the UN-TAC-organized election."

The Khmer Rouge, known also as the DPK, for Democratic Kampuchea Party, said the UN had made misleading statements about preparations for the elections. It added that no polling stations had been set up in 90 percent of the provinces of Seim Reap, Kompong Thom, Preah Vihear and Bantheay

Mr. Mak Ben quoted "reliable sources in Phnom Penh" for the accusation against the United States, but said he had no strong evidence to back it up.

"The U.S. and its allies have had a policy to eliminate the DKP since the signing of the Paris agreement and this plan has been systematically put into effect while the Paris agreement was implemented," he

Washington has made no secret of the fact it was reductant to see the Khmer Rouge included in the peace process. In its three-year experiment with total communism. the Khmer Rouge is estimated to have killed a million or more people by execution, starvation, dis-

ease and overwork. "We would like to tell the U.S. that with this scheme to have Vietnam and its puppets fight the resistance and DKP forces they are making a strategically wrong move," Mr. Mak Ben said. "The Cambodian people have every right to defend themselves."

that many states in the region have



Rebel in East Timor Gets Life

Portugal and Rights Groups Protest Sentence

organize pro-independence pro- Indonesian regime. tests was sentenced to life in prison

the government. nial power in East Timor. The

court was also criticized by humanrights groups. Fretilin, the Revolutionary Move-ment for an Independent East Ti-The United Nations of guilty of leading a separatist move-

"His actions created unrest among the people and disturbed stability in East Timor." Judge Hieronymus Godang said in explanation of the heavy sentence.

Portugal said it would call on the Silva called the sentence brutal and third of the population, have died said his country would "alert the from execution, disease and starva-

DILL, East Timor - An East States and our allies to exert as ed. Timor separatist leader who helped much pressure as possible on the

On Monday, the judge spent sev-Friday after he was found guilty of en hours reading the 210-page rebel activities and undermining the government.

En hours reading the 210-page prosecution document, but cut Mr. Xanana off after he was only min-The sentencing drew a sharp reaction in Portugal, the former colowere "irrelevant."

The trial started in February amid charges that the authorities José Xanana Gusmão, head of were trying to keep diplomats and

The United Nations office in Jamor, which is battling Indonesia's karta on Friday denied reports that 17-year rule in the eastern half of quoted East Timorese officials as the island of Timor, was found saying that a special UN envoy visiting Dili had prompted Mr. Xanana to be more confrontational ment and illegal possession of during the trial. The United Nations does not

recognize Jakarta's rule of East Timor. Indonesia invaded in 1975, after the Portuguese colonial rulers left, and annexed East Timor the following year.

international community to pro-test. Prime Minister Anibal Cavaco Diplomats estimate that up to 200,000 East Timorese, or close to a

Compiled by Our Staff From Dispatches European Community, the United tion since Indonesian troops land-

Jakarta's efforts to improve its I international standing over East Timor were shattered in late 1991 when troops fired into a crowd of mourners in a Dili cemetery, renewing international condemna-tion of Indonesia's rights record. Witnesses said that up to 180 people died.

Mr. Xanana was accused of backing the demonstration, which Jakarta said incited the soldiers to shoot

At the end of the sentencing Mr. Xanana shouted "Viva Timor L'Este," or Long Live East Timor, the rallying cry of the independence movement, and then shook shands with the judges.

Portugal insists that the East Ti-

morese determine their own future. Indonesia says they have already done so and refuses to negotiate sovereignty.

Asked whether Mr. Xanana had any chance of a lighter sentence, one of his sisters said: "It depends on pressure from the outside

(Reuters, AP, AFP) 35

Taiwan's UN Hopes Resurface **Pro-Independence Parties Prod Government**

By Kevin Murphy ional Herald Tribu

TATPEI - While its friends would rather not see the potentially embarrassing issue raised at all, an increasingly proud Tawan wants to regain its United Nations membership, which it lost to China in 1971, as soon as possible.

"We are the world's 14th largest trading entity, we have the world's 20th largest gross national product and we now have a full, functioning democratic political system," said Shen Kno-Hsinng, director of the department of international organizations in the Foreign Ministry. "Our people feel a great frustration at being excluded from the world community. The time has come to act."

Prodded by an increasingly vocal and powerful opposition, the Taiwan government has pledged a campaign to rejoin the United Nations that political analysts and foreign diplomats agree carries domestic and international risks.

The government must balance political pressure at home against forcing the international community to support the UN bid and jeopardize relations with Beijing. China has long opposed any international recognition for Taiwan and regards it as a "renegade

The government has to take this seriously," said Hsin-lien Annette Lu of the Democratic Progressive Party, referring to UN membership. "It's the biggest ensus we've had on an issue." Her party took 52 seats in the 161 member Legisla-

tive Yuan in elections last year. Officials of the governing party, the Knomintang, "know they will lose more votes to us if they can't make it happen," she said.

Foreign diplomats based in Taiper express private sympathy with Taiwan's aspirations —and its predic-

ament. But none gives the bid strong odds of success, as China would have to acknowledge that Taiwan, known as the Republic of China, is a sovereign entity, or abstain from the discussion. Both are unlikely. We really hope it never comes to much because it will end with embarrassment on all sides," a Western diplomat said. "It's been a struggle to raise official

diplomatic relations to the level they are at now. Anything more is probably not double as long as The issue of whether Taiper should declare its inde-China still objects. pendence from China has gained momentum in recent

Lu, referring to Beijing's crackdown on democracy years among many Taiwanese, but such a move is still protests in 1989.

considered a sacrilege by the Kuomintang, which fled the 1949 Communist victory on the mainland and until recently claimed to be China's only legitimate

Talks held recently in Singapore between Beijing and Taipei officials that were widely seen as a prelude to eventual remification of the two Chinas have served to heighten discussion of Taiwan's national

Either we are going to reapply with a whole new name, which is what the pro-independence people want, or we use the same name, reapply and are blocked by Beijing," said Zhao Chien-min, professor of graduate studies at the Sun Yat Sen Institute of Varional Development.

What the Foreign Ministry is worned about is not using the Republic of China name on the application," he said. "If the opposition forces them to use a new name, that would be a signal of de-facto

Beijing, one of five permanent members on the Security Council, can veto Taiwan's bid even before a membership application gets to the General Assembly, where it would need two-thirds support to be Tarwan remains undetexted, citing a change in its

own stance toward China (Taipei now acknowledges the existence of two equal regimes within China's borders), a "strong" moral case, and a quiet campaign to win support among 33 Third World countries who receive grants and technical assistance from Taipei. "We agree that it is difficult, but it's not impossible," Mr. Shen said. "Our president, Lee Teng-hui, has

said we will make our application within three years.
In the meantime we will attempt to join peripheral UN organizations and begin to make our case known to Discovery of a loophole in entry rules to the multinational General Agreement on Tariffs and Trade has recently allowed Tarwan to apply for membership. Mr. Shen hinted that Taiwan may have also found a way to steer its bid around China's veto in the Security

But the government's measured approach may not be good enough for its strident opposition.

The president made a great mistake when he didn't act after the Tiananmen Square massacre," said Miss



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Pacific Nations Widen Security Talks ministers of China, Russia and

By Michael Richardson International Herold Tribune

SINGAPORE - The non-Communist governments of Asia and the Pacific, hoping to improve relations with former Communist regional rivals, agreed Friday to invite China, Russia and Vietnam to July security talks here. The foreign-minister level dis-cussions could lead to new arrange-

ments for reducing tension and building confidence, observers and analysts said.

unresolved territorial disputes with their neighbors, and that regional military modernization may lead to an arms race.

The meeting was the first of se-nior officials from 12 Asia-Pacific countries and the European Commannity. A statement issued at the end of it reported "a convergence of views on the need to find means for consultations on regional political and security issues."

The Asia-Pacific countries mcluded the United States, Canada, this kind would complement Amer-Japan, Australia, New Zealand, In Asia-racuic, unlike a South Korea and members of the ation arrangements in East Asia rope, there is no multilateral forum

Association of Southeast Asia rope, there is no manufactural rolling.

Association of Southeast Asian and the Western Pacific. They pointed out that East the Philippines, Singapore, Thailand and Brunei.

Vietnam would be invited to join their counterparts at a special meeting on security issues in late The meeting will be held after

the annual conference of ASEAN foreign ministers but before talks that are scheduled a day later between ASEAN and the nations taking part in the talks that ended A senior U.S. official said that a

multilateral security dialogue of

ican alliances and military cooper-

Under the Clinton administra tion, he said, the United States was also committed to maintain its mil-

itary presence in the region.

China Keeps Trying To Buff Its Image

Plans to Free Dissident Tied To Effort to Avoid Sanctions

By Lena H. Sun

Washington Post Service BELIING - As part of its continuing effort to improve its image. China is preparing to release one of its longest-held political prisoners. an American human-rights camraigner said Friday.

The move is aimed at heading off trade sanctions by Washington and burnishing its bid to play host to

the 2000 Olympics.

The prisoner, Xu Wenli, 49, held in solitary confinement for 12 years for his role in China's Democracy :/all Movement of 1978-79, will be paroled by the end of the month, said John Kamm, a Hong Kongbased American businessman who met this week with Chinese offi-

ials in Beijing.
The Chinese Foreign Ministry also informed the U.S. Embassy in Jijing that Mr. Xu was to be reeased soon, three years before his 15-year-sentence is completed, according to a source.

Mr. Xu, designated "Special Prisoner No. 1," is considered one of the most moderate of the democrary leaders of that period. A former electrician, he published an underground journal advocating political reform within the Communist system.

During his imprisonment, he has lost most of his teeth, his family members have said. He was kept in a "windowless, damp vault" full of insects for three and a half years efter his account of his arrest and

Not Going Soft, Executions Show

HONG KONG — Eighteen peo-ple were executed in Guangdong province in southern China for crimes including the murder of a policeman, robbery, gang rape and embezzlement, the Xinhua press agency said Friday.

Among the executed was a migrent from central China who stabled and killed a policeman who had pursued him after he robbed a girl cyclist in Shunde, the

A gang of five men who mur-dered five people in a series of robberies and gang rapes in the Guangzhou area were shot, as was a former bank teller who embezzled the equivalent of \$170,000 which he

trial was smuggled out of China and published in 1985. A Ministry of Justice official

said Mr. Xu was being paroled because he was "abiding by prison rules and regulations," according to Mr. Kamm. The official told Mr. Kamm that the Beijing Intermediate People's Court still needed to give final approval.

A ministry spokesman later con-firmed that Mr. Xu would be released when the formalities are completed, Reuters reported. The timing of the news seems

intended for maximum political impact. The fourth anniversary of the Tiananmen Square crackdown is June 4. President Bill Clinton must decide by June 3 on whether to renew China's most-favored-nation status. Most analysts say they think that Mr. Clinton will renew the status, which allows Chinese goods into the United States under the lowest possible tariffs, for this

But for next year, Mr. Clinton is expected to require China to improve its human-rights record, reduce its trade surplus with the United States and help stop the spread of arms by June 1994.

Clinton administration officials are said to be trying to set down conditions that would be tough enough to satisfy Congress, which has introduced legislation linking an extension with progress in hu-man rights, trade, and arms proliferation, but flexible enough to keep elations with China from sharply worsening. "There's no question they want to improve U.S.-China relations," Mr. Kamm said. "But the Olympics came up time and time again. They asked me whether human rights will be a factor in the

Beijing and five other cities are competing for the rights to be the host for the 2000 Olympic Games. The International Olympic Committee is to make its choice on Sept. 23. China, which has never play hosted for an Olympics, has mounted a vigorous effort for the

Earlier this week, the Games' top organizer said the choice would be influenced by the host country's human-rights record.

Although China has released some prominent political and religious prisoners in recent months as part of what one human-rights campaigner calls the "smile offen-sive," many more remain behind bars and others continue to be ar-



Some of the 15 contestants in the Miss Sarajevo pageant watching Friday as another took the stage at a rehearsal. Bosnian Muslims, Croats and Serbs are participating; the winner gets a trip to Madrid.

BOSNIA: Clinton Raises Doubts on Russian Efforts

(Continued from page 1) Kingdom over the next several

A senior administration official also said that Mr. Christopher had dropped his opposition to the plan to create safe havens for Bosnian Muslims, as long they were tempo-

During his tour of Europe two weeks ago, Mr. Christopher said he objected to the idea of safe havens on moral and military grounds:

HIV Infections at 14 Million

Agence France-Presse GENEVA - About 14 million the human immunodeficiency vi-protect UN forces guarding the rus, or HIV, which causes AIDS. safe areas, the official said.

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that they would put the Muslims into ethnic ghettos and thus reward the Bosnian Serbs' ethnic-cleansing campaign, and that they would be nearly impossible to protect with the threat of air strikes if the Bosni-

an Serbs decided to attack them. Now, a senior American official said, Mr. Christopher could accept the safe-haven concept as part of a larger effort to stabilize the situation, as long as it was a "temporary measure and not the endorsement of any concept of partition."

The United States would be unwilling to take part in any United Nations peacekeeping effort to protect the safe havens, but is conpeople worldwide are infected with sidering the use of air power to

During their talks Thursday, Mr. pher with a Russian proposal to carry out the Vance-Owen plan in

Mr. Kozyrev also detailed his plan during a meeting with Senate leaders. But several senators said they were not impressed, calling his approach vague and ill conceived.

Some senators also said a lack of U.S. leadership was allowing Russia and the allies to fill the vacuum with ideas of their own and forcing Washington into a reactive posture.

"Kozyrev's idea strikes me as a reckless adventure that will ratify ethnic cleansing and put ground forces right into the middle of the war," said Senator Richard G. Lugar, Republican of Indiana.

"Only two weeks ago we had the impression that the United States behold, due to an almost total vacuum of American leadership, you have the Russians, of all people, doing the most active diplomacy. The reversal of roles is rather

Kozyrev presented Mr. Christo-

Under his proposal, the three warring Bosnian factions — the Serbs, the Croats and the Muslimled Bosnian government - would be persuaded somehow to accept pieces of a complicated map that would divide Bosnia into 10 prov-inces, largely along ethnic lines.

the continent.

New U.S. Envoy in Moscow

Bavarian to Soldier On As Finance Minister Waigel Loses His Bid to Quit Bonn

his bid to leave the job graceful-

ly and return to his native Ba-

a favored defense contractor.

two junior partners in the feder-

al government. The union is the

Bavarian sister-party of Chan-cellor Helmut Kohl's Christian

Democrats.
Mr. Waigel, 54, apparently tiring of his duties in managing

the worst recession in Germany

since World War II, represent-

ed the more liberal wing of the

party.
The party's conservative rank-and-file backed Mr.

Stoiber, 51, because as interior minister he has strengthened

the police and pushed to over-

turn Germany's liberal asylum

He was seen as having a bet-

ter chance in elections next year, in which the far-right Re-

publican Party threatens to

make big gains.
Mr. Waigel said that he

would remain finance minister

and that his position as chair-

billion) in anticipated tax reve-

Political analysts said Mr.

Waigel paid the price for trying to combine the arduous job of finance minister with the chair-

manship of the Bavarian party.

Mr. Waigel's popularity in

deputy chairman.

nue for next year.

By Tami Hultman

World Bank

Takes Turn:

Help Africa

Help Itself

WASHINGTON - The World Bank's top policymaker for Africa has announced sweeping changes in the institution's approach to the

In a speech to the annual conference of the African-American Institute, Edward V. K. Jaycox, vice president for the Africa Region, said the bank would no longer dictate development plans to African countries and would stop "imposing" foreign expertise on reluctant African governments.

Calling the current pattern of technical assistance to Africa a systematic, destructive force," Mr. Jaycox said future programs would be aimed at building Africa's ca-pacity to help itself.

Most of the world's poorest countries are in Africa, and poverty has deepened there in recent years. But the continent also has huge untapped wealth and already is a larger trading market for the United States than the countries of the former Soviet Union and Eastern Europe combined.

The speech was an off-the-record address to a closed session of the institute's conference, but Mr. Jaycox agreed afterward to make publie his remarks for publication. The policy shift, if carried out, would have repercussions through-

out Africa. For the last decade, the bank has shaped the development agenda in Africa, formulating policies that have guided the practices of its sis-Monetary Fund, as well as the aid programs of the United States and other donor countries.

Acknowledging that the World Bank has been unable to devise effective solutions to Africa's persistent economic problems, Mr. Jaycox said that in the future the bank would help fund African gov-ernments to write their own development plans. The bank would also use the bulk of a \$20 million economic research fund to support studies commissioned by Africans, rather than to pay for studies by

Critics of current development programs have estimated that more than 100,000 foreign experts working in Africa consume a major chunk of all foreign aid money to

In another action to support the goal of building Africa's capabilities, Mr. Jaycox announced that universities in the United States and other Western nations that have World Bank-funded contracts to train African economic managers must move their programs to Africa within three years and collaborate with African universities.

MOSCOW - The new U.S. amtials Friday to President Boris N. And Become the Premier of State Bavaria had suffered as he was Compiled by Our Staff From Dispatches blamed for Bonn's spiraling debt and tax increases made BONN - After four years of shouldering the blame for Ger-many's steadily worsening pub-lic finances, Finance Minister Theo Waigel failed Friday in necessary by German unifica-

After the death of the Bavarian leader, Franz Josef Strans, in November 1988, Mr. Waigel was elected party chief with

varia as premier. Edmund Stoiber, the state in-98.3 percent of the vote. He entered the cabinet as fiterior minister, will take the place of Governor Max Streibl, nance minister in April 1989 winning favor with financial who announced two weeks ago markets by immediately scrapthat he would step down after ping an unpopular 10 percent withholding tax on investment earnings which had led to a accepting a free plane ride from The battle over who would replace Mr. Streibi had deeply divided the conservative Chrishuge capital outflow and weakened the mark. tian Social Union, one of the

Mr. Waigel initially presided over a booming economy and a dwindling budget deficit, but unification in 1990 dramatical ly reversed the situation.

The government ran up mounting debt as it poured money into the moribund economy of former East Germany, and its credibility suffered when it broke a 1990 election pledge not to raise taxes.

To make matters worse, Germany has slid into recession. which is further eroding tax revenue while spending on memployment benefits is soaring. (Reuters, AP)

■ 118 Are Arrested

At least 118 people were detained in Eastern Germany as Ascension Day was marred by a brawl among Germans and foreigners, an attack on foreigners seeking asylum and a clash be-tween political extremists, Renters reported on Friday, quoting police reports.

man of the party would be strengthened, with Mr. Storber Two people were injured and 92 detained in fighting between renouncing his position as party a German youth gang and for-eigners on a pleasure boat cruise on a Berlin lake Thurs-Reports Friday said Mr. Waigel was not consulted before Mr. Kohl announced across-the-board budget cuts to deal with the shortfall of 25 billion Deutsche marks (\$15 day night.

In Fürstenwalde near the Polish border, seven Germans attacked about 30 refugees, who defended themselves with sticks and axes, the police said. Three people were injured and nine detained. In the town of Rathenow, policemen detained 12 rightists and five leftists militants after they clashed.

CLIPPED: Mussing the Image

for 56 minutes. The day before, Mr. Clinton spent 40 minutes at the airport near Los Alamos, New Mexico, where he had given a speech, while a stylist named Kari Vigil trimmed his sideburns and neck, and applied makeup to tone down a touch of sunburn, according to an Associated Press interview with a thrilled Mr. Vigil. Reporters noted the New Mexico

bassador to Russia, Thomas R. populist appeal, saw no political How much he spends to fix it Pickering, 62, presented his creden-problems with the image of Mr. Mr. Begala asserted, is "the last Clinton getting a \$200 haircut on thing that anybody in America is Air Force One while others waited. worried about."

"It's stunning to me that on a day in which powerful forces are trying to cut Social Security, cut Medicare, cut tax burdens on the rich, that the great and powerful Washington Post wants to write about a damn haircut," he said. That's pathetic. That's my response. Get a life.'

In any case, Mr. Begala said, the American people will understand Mr. Clinton's tonsorial needs. "Bill Clinton has challenging hair to say Paul Begala, a campaign aide day it sometimes looks like worn who helped hone Mr. Clinton's out Brillo."

DIRTY:

Moscow's a Mess

(Continued from page 1)

Moscow was just a glaring example. Wherever you point your finger on the map there is another horrible place," said Mr. Rubinchik, who almost delights in detail-ing for visitors all the places where radioactive waste has been found, where mercury content in dust is stunningly high or where storage facilities for ammonia and chlorine are so rundown that a lethal leak

could easily occur. The government meanwhile is too poor to beef up environmental surveillance, clean poliuted sites or repair decaying water and air filtration plants that, left on their own, pose further hazards. In an area west of Moscow known for being fairly unpolluted, for instance, crumbling filtration plants are contaminating the very water they are intended to clean.

While the government has been able to track down and remove hundreds of small radioactive "points" — discarded medical equipment and laboratory equipment or small dump sites where someone years ago secretly buried nuclear wastes - there is simply not enough money available for larger efforts.

"Bad ecological problems plus poverty make the situation really bad," said Kharis Yakubov, a doctor and environmental analyst. Russia's economic crisis has at least slowed the growth of Moscow's air pollution by forcing some factories to reduce production.

Aerial photographs show smudges of brownish smog stretching out from the city for more than 100 kilometers (60 miles). The causes are primarily vehicles, huge power plants and thousands of faccity's outskirts, these factories now sit among high-rises, schools and office buildings.

A frighteningly concrete example of pollution-related medical problems was provided in the recently published book "Ecocide." It cites the case of a maternity clinic for Moscow's elite in which 80 percent of babies born during one period were either premature or

Russia Opens Inflation Fight Government and Central Bank Initial a Pact

MOSCOW — The Russian government and the independent central bank reached a preliminary agreement Friday on controlling inflation that could pave the way to greater Western aid, news agencies

The agreement has yet to be signed and must still be forwarded to higher officials at the International Monetary Fund for review, Interfax said. But if the pact holds, it could prove another step in Russia's uneven march toward free-market reforms. Disagreements between reformers in President Bo-

ris N. Yeltsin's government and more conservative leaders of the Central Bank have until now stymied Russia's efforts to forge a coherent economic policy. The rift, which has contributed to galloping inflation for almost a year, has left the West reluctant to lend money to support Russia's reform effort.

But on Friday the government and bank initialed a

pact calling for measures to control inflation. Under the accord, the central bank is to stop granting credits directly to regions or enterprises, lending money in-stead through market mechanisms at auctions or through commercial banks. For its part, the government pledged to take steps to limit its budget deficit,

another key IMF demand.

Western industrial democracies are eager for Russia to meet certain minimal criteria so that the IMF can release a first slice of \$3 billion in loans.

Mikhail Leontiev, an economic commentator, noted in an article in Friday's Sevodnya newspaper that the spending limits outlined in the new memorandum, expected to be signed Saturday, are almost certain to be violated. But he added that the IMF was still likely to release \$1.5 billion almost immediately,

The disputes between Mr. Yeltsin's economic team, it led in this case by Finance Minister Boris G. Fyo-it, dorov, and the central Bank, headed by Viktor Gerashenko, are partly political. The bank is controlled by parliament, which has been warring with Mr. Yeltsin

But the dipsute also reflects a basic, and nearly the insoluble, dilemma as Russia tries to shift from a centrally planned economy to a free market. The Soviet system left Russia burdened with hundreds of huge and unprofitable enterprises.

Free-market reformers argue that such enterprises must be weaned of state subsidies and cheap credits.
But many industrial leaders and their advocates argue that Russia cannot stand the shock of widespread unemployment that a cutoff of cheap credit would a bring. The result has been a political stalemate, with the bank printing and lending, and the government spending, huge sums of rubles. That, in turn, has led to a monthly inflation rate of 25 percent.

Yeltsin Proceeds With Charter Talks

President Yeltsin pressed ahead Friday with his wa lans for a new constitution despite opposition from his rival, Ruslan I. Khasbulatov, chairman of the

Congress of People's Deputies, Reuters reported. Vyacheslav Kostikov, a spokesman for Mr. Yeltsin, 🔭 said that the president had signed a decree calling a conference of the leaders of Russia's 88 republics and regions on June 5. Mr. Yeltsin first announced the constitutional conference on May 11 and sent a draft of the new document to the regions for discussion.

Mr. Khasbulatov says Mr. Yeltsin's move to push through his blueprint is illegal. But other members of the opposition, chiefly Mr. Khasbulatov's deputy, Nikolai Ryabov, have welcomed the idea.

IMPEACH: Venezuela's President to Face Theft Trial

(Continued from page 1)

dates are already campaigning for the presidential elections, which are set for Dec. 5. To smooth a seemingly inevita-

tories. Built decades ago on the ble transfer of power, all members of Mr. Pérez's cabinet submitted their resignations Thursday.

Mr. Perez plans to stump the nation in an effort to clear his name, "for history." Until a possi-ble conviction, he will continue to enjoy the title of president and live in the official residence.

"A resignation is impossible, be-

peachment trial in the Supreme struggle against corruption—not a Court, insisting that the court personal persecution, said the auwould find him innocent.

Perez and two former aides. Rein- pendent attorney general. "First, aldo Figueredo and Alejandro iza- there was the report of the compguirre, personally profited from a troller general, then the central multimillion-dollar currency manipulation a few days after Mr. the Supreme Court — it can't be

Pèrez took office in February 1989. that so many people are wrong.

The prosecutors charged that about \$10 million was made by cy in this nation, Latin America's changing a discretionary fund into wealthiest, Mr. Pérez had appoint-dollars at a preferential rate. After ed independent judges to the Sua 88 percent devaluation of Vene-preme Court, spoken out against cause this would be admitting there zuela's currency, the bollvar, the corruption and pushed for demois some truth to the charges against dollars were changed back into bo-

the Senate to authorize an im- "Venezuela is undertaking a ould find him innocent. thor of the impeachment petition, According to prosecutors, Mr. Ramon Escovar Salom, the inde-

(AFP, AP, NYT)

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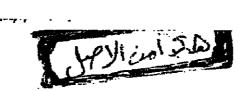
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Adopting Children From Abroad

Americans lead the world in adopting children from other countries. Unfortunately, this is a fertile field for con artists, and anyone undertaking an intercountry adoption should proceed with great caution.

In 1992, Americans adopted 6,536 children from foreign countries, including South Korea, the Philippines, India, China, Columbia, Peru, the former U.S.S.R. and Guatemala. But the efforts of many other Americans to adopt foreign children were rewarded only with financial losses, disappointment, and even heartbreak in cases where children who had already been living with them were taken away from them.

bureaucracy that now burden the process of intercountry adoption and lend more legal certainty to the adoption for both the parents and the child." He points out that there have been cases where a child has been taken back from an adoptive parent because the adoption was not legal in one of the countries involved. "There is an urgent need for this treaty," he adds. There are now 20,000 or more intercountry adoptions per



The path to intercountry adoptions may be fraught with difficulties, but when all goes well, the end result is joyful for both parent and child.

It is against this background that almost 60 countries are working with the Hague Conference on Private International Law in preparing a convention on international cooperation in intercountry adopbeen working on this issue since 1988.

Prospective adoptive parents should be suspicious of requests for "upfront" fees of more than \$500, or recommendations to travel without a firm assignment of a particular

Requests for quick decisions and fees to "reserve a child," or a lack of written information are signs of a need for caution.

Experts advise against accepting offers from people who suggest "short-cuts." Those considering an adoption should do their own research first and work only with reputable individuals or agencies.

Adair Dyer, an American attorney from Dallas, Texas who now lives in The Hague, is the deputy secretary-general of the Hague Conference on Private International Law. He says that the text of the convention "is designed to provide protection for children in the process of intercountry adoption by international creating cooperation between the governments of the countries involved. It will cut out several layers of year, and problems have arisen with the selling of children."

The convention should facilitate the adoption process and eliminate such abuses. Mr. Dyer expects it to be passed by the confer-

"We're trying to make sure that the convention both limits the opportunities for problems and at the same time facilitates adoptions between countries," says William Pierce, president of the National Council For Adoption and a member of the U.S. dele-

"It provides for the recognition of legal and other actions by cooperating governments. It is important that there is a clear understanding of the kind of preparation needed in terms of legal documents both for a woman giving up a child and for

the adopting parents."

One problem the convention came up against, according to Mr. Pierce, was that "there were those who thought that intercountry adoption was so fraught with illegality and controversy that it should not take place at all." After years of work, international adoption has been recognized by the convention as preferable to foster care or institutional care in the

child's home country.
Mr. Pierce points out that formulating the terms of the convention is a very

the International Herald Tribune's advertising department.

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FEDERATED LEAGUE OF AMERICANS AROUND THE GLOBE

delicate matter. Certain Muslim countries, for instance, insist that an adopted child keep its family name. "There must be an exchange of information about culture, language and religion," he says, "an understanding of differing views."

He advises anyone considering an intercountry adoption to "do your homework." He cites the case of a reporter for a prominent newspaper who paid \$37,000 to a private agency that "promised" her a child and then went bankrupt a week later. leaving her still childless and certainly much poorer. "It is amazing how many sophisticated people, even lawyers, are victims of unscrupulous operators," he says. He recommends that people looking for a child be extremely cautious. "Read all the reliable information available, always obey the spirit and letter of the law and don't be rushed. Be very suspicious if someone says, "This is your only chance." Remember, if something

seems too good to be true,

it usually is."

Working through a public agency is safe but can take a long time. Adoption in the United States through public agencies takes an average of three to seven years, while it takes one or two years on average through private agenries. Intercountry adoptions can take from nine months to 2 years, and total fees range between \$5,000 to \$20,000. depending upon the country of origin. Mr. Pierce's organization is experienced in intercountry adoptions and can provide referrals to responsible agencies in most foreign countries. There are also excellent support groups in most industrialized coun-

The head of the U.S. delegation at the Hague Conference, Peter H. Pfund, an assistant legal adviser with the U.S. Department of State, set up a study group with over 50 representatives of interested agencies and organizations to develop the U.S. position for the Hague Conference.

Mr. Pfund says that the U.S. delegation wants the convention to remain flexible and capable of support by the various elements of the U.S. adoption community. He points out that the U.S. system of government is different from that of many other countries, with most family issues being dealt with by varying state laws, and it is important that the convention take this into account when the final text of the convention is written, especially since more intercountry adoptions are undertaken from the Unit-

ed States than any other

country in the world. The United States also has an interest in seeing that the convention allows private agencies, subject to the controls outlined in the convention, to continue handling intercountry adoptions. Mr. Pfund points out that many countries allow only public authorities or governmentlicensed agencies to handle

such adoptions. "If private adoptions are not possible," he says, "we may have difficulty having it approved in the House and the Senate." He is optimistic that the final text will be amenable to U.S. interests.

One of the most difficult tasks of the delegates to the conference, according to Mr. Pfund, is finding a balance between an agreement that includes as many safeguards as possible and

one that may not be perfect but that would be workable and allow for the placing of as many children as possible in good homes. that is in the interests of both the children and the adoptive parents and that avoids "nightmare scenarios" like the ongoing case in the United States where the birth parents and adop-

tive parents of a little girl

have been fighting in the courts over the right to the

The text of the convention will be reviewed by interested U.S. agencies, associations and individuals. The U.S. president will send it to the Senate for advice and consent, and it is expected that the administration will propose federal implementing legisla-

After favorable Senate and Congressional action by about 1995, the United

States would ratify the convention and bring it into force for the United States.

Jean and Heino Erichsen, founders and directors of Los Niños International Adoption Center, 1600 Lake Front Circle, Suite 130. The Woodlands, Texas 77380-3600, have written a guide for agencydirected and independent adoptions entitled "How to Adopt Internationally." The guide is based on their personal experiences and on adoptions that they have assisted.

Americans residing overseas who are considering an intercountry adoption should learn the adoption procedures of their resident country and the U.S. laws if they want the child to become a U.S. citizen. There have been instances where adopted children have found they do not qualify for citizen-

ship in any country.
U.S. citizenship is not automatic for a foreign adopted child. The child must first become a lawful permanent resident of the United States, and the American adopting parent must have lived in the United States for five years, of which two must be after the age of 14.

FLAAG has supported a change in these restrictive citizenship transmission requirements. House Bill H.R. 783, which was discussed in our article in the International Herald Tribune on March 6-7, will simplify the transmission of citizenship for adoptive

parents as well. Citizens interested in voicing support of this legislation should write to U.S. Representative Romano (Ron) Mazzoli, Chairman of the House Judiciary Subcommittee on International

DC 20515. When dealing with intercountry adoptions, Americans should work with a country that supports international adoptions and make sure the child is tested for AIDS, tuberculosis and hepatitis B.

Law. Immigration and

Refugees,

Washington.

The National Council For Adoption publishes numerous materials on adoption, including "National Adoption Reports." It is located at 1930 Seventeenth Street, N.W., Washington, DC 20009-

The International Concerns Committee for Children publishes the Report on Foreign Adoptions and is another source for information. It is located at 911 Cypress Drive, Boulder, CO 80303.

FLAAG is developing information on actual case studies of intercountry adoptions which will be used to prepare testimony before the Congress on citizenship and the anticipated federal implementing legislation on The Hague convention on intercountry adoptions. Please send your comments to the address on the coupon on

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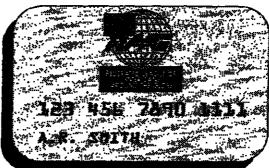
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Herald Eribune.

China's Very Big Problem

China is a very big country with a very big problem: It has 7 percent of the earth's arable land — and more than 20 percent of all its people. Today they number 1.17 billion. In several decades they will probably number 1.9 billion.

So what is a government to do when its vision of a rich new future is occluded by the prospect of millions more hungry inhabitants? The answer, for Beijing, is clear. You take family-planning decisions out of the hands of the people. "We maintain that the most important human right in a country or nation," Peng Peiyun, minister of the State Family Planning Commission, said recently, "is the people's right to survival." To that end - survival - China is now exercising Vicious control over its birthrate.

China's population problem is indeed awesome. It is the excuse the government has always given for its tough family-planning policy, and the reason, despite occasional reports of coerced abortions, that the UN Fund for Population Activities has continued to work there. Facilitating humane family planning is, after all, surely the best way to discourage draconian population policies.

Now, however, the UN agency is threatening to pull out of China because of abuses such as those recently cited by The Times's Nicholas D. Kristof (IHT, May 17). Forced contraception, using a thoroughly discredit-ed, old-fashioned kind of intrauterine detion. Sometimes, to satisfy China's complex annual birth quotas, women are induced to give birth prematurely. Women are, in short, treated not as human beings but as livestock to be rendered infertile or medi-

cated into premature parturition. There are economic consequences for unpermitted pregnancies as well: In rural areas especially, fines may be levied and property confiscated. Furthermore, because this is a society that still values males far more than it does females, hundreds of thousands of Chinese girls who would be expected to be born vanish from the birth statistics every year. Abortion may account for some of the disappearances; so may female infanticide, which was declared a crime only in 1949.

The UN's possible withdrawal would make it easier for the Clinton administration to restore federal money for the agency, which was denied U.S. funds primarily because of its commitment to working in China. But it will also deprive a country that desperately needs decent, humane family-planning programs of an invaluable re-source. Meanwhile what is happening in China is yet more evidence that perhaps the most pervasive form of human rights abuse is that which is suffered by millions of women all over the world.

— THE NEW YORK TIMES.

Angola: A Page Turns

For eight months, successive American administrations withheld recognition from Angola's MPLA, the UN-approved winner of elections. The theory was that recognition would cost the United States its middleman's role in bringing the MPLA together with the challenger, Jonas Savimbi's UNTTA guerrilla organization. It was a long shot, and well-meant, but it failed. Rather than bargaining for a share of power, Mr. Savimbi returned to the battlefield to fight for the whole thing. He rejected, even as President José Eduardo dos Santos accepted, peace terms drawn up by international negotiators. President Bill Clinton had no choice but to do what he now has

done — recognize Mr. dos Santos. In the Clinton decision you could almost hear the rustle of a page of history being turned. Jonas Savimbi was Washington's (and Pretoria's) man in Angola through the long Cold War years when the United States saw strategic necessity in contesting the Soviet-sponsored and Cuban-supported dos Santos regime. He gained a profile in the United States not only as a freedom fighter but - not entirely deservedly - as a

democrat ideologically juxtaposed to the "Marxist-oriented" Mr. dos Santos.

Once the waning of the Cold War brought a Russian-American-South African settlement, however, the Bush administration duly dropped Mr. Savimbi. Moscow dropped Mr. dos Santos. The United Na-tions came in to run elections. Unfortunately, it did not first do its assigned job of fielding an adequate observer corps and disarming both sides. When the results of the voting displeased Mr. Savimbi, he evidently thought he could get away with repudiating them. But the international rules had changed, and he could not.

The Clinton administration advertises recognition as a harbinger of a fresh American commitment to democracy in Africa. That is fine. But the fact is that Angola remains at war and Jonas Savimbi remains months since the elections have cost more Angolan lives than the preceding decades of conflict. Recognition will encourage the elected government but will not diminish its

The Senators' Disservice

boma, and John Danforth, Republican of Missouri, proposed a deficit reduction plan on Thursday that would, they say, cut about \$120 billion of taxes and \$160 billion of spending out of the Clinton budget plan.

And it would. But what the senators joined by the Democrat J. Bennett Johnston of Louisiana and William Cohen, a Maine Republican - did not say is that their plan would also shift tax burdens from South to North and from the rich to the elderly poor and disabled families.

For what end? To eliminate President Bill Clinton's proposed energy tax, which, they say, hurts middle-class families. More accurately, it hurts oil-producing states like Oklahoma and Louisiana.

The most remarkable feature of the plan is its poverty of worthy ideas. Yet it poses an instant threat to Mr. Clinton because Mr. Boren is the swing vote on the all-powerful Senate Finance Committee; if he sides with the Republicans, the Clinton budget won't get past the committee.

The senators would cut spending by capping entitlements, reducing tax credits for low-paid workers and cutting back cost-of-living adjustments for Social Security bene-fits. Each idea is unfair and unwise.

The entitlement cap would force severe cutbacks in Medicare and Medicaid. To whack \$15 billion out of Mr. Clinton's plan to raise tax credits for low-paid workers, as they propose, would gut the president's worthy pledge to make work pay - and thus raise any family dependent on a mini-

mum-wage worker out of poverty. By permitting inflation to eat away the benefits of some Social Security retirees and charging the disabled elderly more for medical care, the plan would harm more than help many poor and middle-class families.

The plan would lower the federal share of welfare payments in high-income states. many in the North. Thus the states that are

a real force in the countryside. The few need to seek accommodation.

Oppressors - THE WASHINGTON POST. By A. M. Rosenthal N EW YORK — The best way for the United States to help

already forced to bear an undue burden for taking care of the nation's poor simply because the poor are concentrated in their cities would be forced to do even more. The plan's tax measures are equally nn-

fair. It would index capital gains - thereby eliminating future inflation from the calculation of profit on the sale of investments. But that would open up a gigantic loophole in the tax code since the senators do not simultaneously propose eliminating inflation from the calculation of deductions curred to buy investments. The senators also propose scrapping Mr. Clinton's plan

to raise payroll taxes on high-paid workers. To their credit, the senators would raise Medicare premiums for high-income families. But Congress was beaten to a pulp by an angry public four years ago when it tried to raise these premiums - and then it at least tied the idea to increased benefits.

The main purpose of these misguided proposals is to eliminate Mr. Clinton's BTU tax. Mr. Boren's and Mr. Johnston's motives are clear, since they come from oilproducing states. And they have some good arguments on their side: The tax will not do much for the environment, having been compromised to suit various special interests. And it will punish exports of goods

that use lots of energy to manufacture. But the BTU tax is not very large. Its removal will not help many in the middle class as much as the spending cuts the senators propose will hurt them. And the tax cut surely does not warrant victimizing

the elderly poor and low-paid workers.

The administration will muster its forces to try to beat down Mr. Boren and his Republican friends. It must also consider coming up with its own spending cuts so that could be used to take the sting out of its tax hikes. There is, then, plenty of room for Mr. Clinton to operate, but little room to accommodate the misguided senators.

- THE NEW YORK TIMES.

Other Comment

Two Swipes at Burma's Junta

If the rulers of Burma think everything is going their way, then two significant developments this week should give them pause. The action with the most telling impact was taken by the Association of South East Asian Nations, which let it be known

on Wednesday at a Singapore meeting that Burma's poor human rights record would keep it from gaining membership anytime soon in the regional grouping. The second blow came Thursday when

President Bill Clinton flexed his diplomatic muscle and called on the Burmese junta to free pro-democracy leader Daw Aung San Suu Kyi and respect the 1990 election results. He was speaking after meeting Nobel Peace Prize laureates to discuss hu-

man rights abuses in Burma. The actions taken by ASEAN and President Clinton are to be commended. It is to be hoped that they will be taken seriously in Rangoon and that some evidence of this will be forthcoming.

– The Bangkok Post,

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

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OPINION

Bosnia: Another Worthwhile Idea, Likely to Be Ignored

D ARIS - There once was an inter-I est to be served by Western inter-vention in Yugoslavia: a crucial interest - but it was abandoned. That abandonment explains the rambling, acrimonious and indecisive debate about Bosnia going on today among the Western allies.

The West's interest was to defend international law and a certain standard of international behavior in postwar Europe: the principle that ethnic and territorial grievances must be settled by negotiation, not aggressive war and ethnic purge.

The principle actually validated by the actions, or nonaction, of the Euro-

pean governments and the United States during the past year has been the opposite one: that invasion, purge and the whipping-up of nationalist frenzy work marvelously to aggrandize an aggrieved people and can handsomely promote the fortunes of

the rulers who adopt such techniques. No one today is prepared to intervene in Yugoslavia to reverse that result: certainly not the Clinton administration, despite its past beliger-ence and the bad conscience of some of its officials. Intervention was a serious option a year ago, when even to have armed the Bosnians might have produced a military stalemate, or even a settlement with some kind of rough justice attached to it, and when such a policy would have dem-onstrated a Western willingness to support civilized standards of inter-

nal conduct. Today it is too late.

The Clinton government is aware of the issues of principle, but it is politiinated by its desire to avoid any risk of American casualties. In this it reflects the contradictions of American popular feeling, to the extent that this is revealed by the opinion polls. The administration lacks the courage to tell the public that the United States cannot claim leadership in world af-fairs and at the same time have a riskfree military policy.

caught in essentially the same contra-diction in public opinion but have a more complicated problem because

Don't Help

the Chinese people win relief from

daily oppression is to keep enrich-ing the Chinese economy through trade. Yes, that will also enrich the

treasury of the Communist govern-

ment and its ability to enforce

Communist order. But a strength-

ened economy with a flavor of capi-talism, however controlled, will

lead to liberalization of the dicta-

torship, help moderates take over

when the old men die and so, in the

long run, benefit the people.

That is the essential argument of

its supporters against economic pres-sure on the Chinese Communists.

Blessed though I am by a disposi-tion aptly described as angelic, that argument for trickle-down mercy is

being droned out so often, and so

cynically, that I may have to bite

The lobby goal is to edge President Bill Clinton away from using

trade penalties to persuade China

to give up certain of its customary

into the economy, political suppres-

sion, imprisonment and torture,

forced abortion, confiscation, trade

barriers and proliferation - the

sale of nuclear and missile weapon-

ry or technology to other dictator-

Lobbyists have a right to lobby.

shins. Instruments like that

Among these are slave labor built

instruments of governance.

the next lobbyist who parrots it.

The Chinese

have already taken casualties. They do not want the United States to do anything that might further endanger those troops. Their unarticulated wish is that the Bosnian government would stop resisting the Serbs, so as to get refugees, casualties and ruins off European television screens.

The result of all this has been that violence and displicity have successfully given Serbia a Greater Serbia. and Croatia a Greater Croatia, at Bosnia-Herzegovina's expense and at small cost to the aggressors. The European Community and the United Nations have kept the victims of aggression from arming themselves and have done much useful work for the Serbians by expediting the removal of refugees from the territories the Serbians have seized.

In the Vance-Owen plan, the United Nations has even proposed to rati-fy and enforce the results of Serbian and Croatian aggression. A deploy-ment of 50,000 to 70,000 troops in Bosnia-Herzegovina has been sug-gested. This is a terrible idea. If it were attempted, despite the Vance-Owen plan's rejection by the Bosnian Serbs, it would commit the United Nations to an ethnic partition of that country on terms that victors and victims alike loath and resist.

Yet it continues to have the support of the European powers. Douglas Hurd, the British foreign secretary, says that he still expects much of willingness and determination of Slobodan Milosevic to help to conclude "the peace process." Shades of Orwell's Newspe

Mr. Hurd added that, unlike certain American officials, he has never called Mr. Milosevic - the man chiefly responsible for launching Serbia onto its course of frenzied nationalist expansion — a war criminal. "It is always a little excessive to use that kind of language in such circumstances," Mr. Hurd said.

The Western powers clearly believe

goes on in political prisons is not our affair; we are a business, not a hu-

man rights group.

That would be more acceptable

morally than the drivel that what is

good for the Communists is good for

spondent in Communist Poland —

help the Communists industrialize

leadstoincreasedliberalization, said

That lasted until the day those lib-

because increased industrialization-

like that, fast, a one-word mantra.

eralizing Communists who were sup-

posed to give Poles freedom decided

And Americans who believe that

dictatorships soften in a powerful

capitalist economy never got to the

point in history class where some-

body told them about Adolf Hitler.

barrass easily. Here they are asking

us to worry about China's economy

and it turns out, according to the International Monetary Fund, that

it is the third-largest in the world, behind the United States and Japan.

But China lobbyists do not em-

instead to give them martial law.

the people who suffer under them.

i neard it when I was

By William Pfaff

they already have troops on the ground in the former Yugoslavia and waiting for the Bosmans to ston waiting for the Bosnians to stop strugging. Does anything of princi-ple remain? There is one thing that could be done. The UN Security Council committed itself two weeks ago to the protection of five "safe" havens" in Bosnia: Zepa, Tuzia, Gorazde, Bihac and Sarajevo. However, nothing serious has been done to se-

> force actually be committed to those safe havens. It proposed that French forces now in Bosnia, and the Brit-

cure those places.

The French government recently made the novel proposal that armed

ish, Spanish and other troops that make up the UN Protection Force, be reinforced with a proportionate number of American and Russian ground troops (among others) and be redeployed in the live safe zones. The American and Russian presence is rightly held to be important to the success of the enterprise. The French propose that these troops be given heavy armament and air sunport and instructions to respond

lives and mitigate suffering.

vigorously to any attack.

This solves nothing for the long term and has no ambition to do so. It merely is something practical and constructive to do now, to spare a few

for the United Nations' past failures to enforce Security Council resolutions. It would undoubtedly anger the Serbs and block total achievement of Greater Serbia. It would save certain remnants of that Bosnia-Herzegovina accorded international recognition as a sovereign state just over a year ago.

It would spare the Western powers and the United Nations total ignominy when the sad history of this turning point in our decade is finally itten. It merits doing. But it probably will not be done.

International Herald Tribune. C Los Angeles Times Syndicate.

Kosovo, Battered and Fearful, Girds for Worse

By Jonathon Ledgard

ONDON — Here are two tales of Kosovo atrocities. From the Alabanian media: An ethnic Albanian boy is rude to a Serbian woman; three Serbian policemen drag him into an alley. They beat him until his jawbone splits, then force a safetypin down his throat.

From Serbian reports: An elderly Serbian forest ranger

comes upon two Albanians chopping down trees. They drive an axe into his face and leave him for dead. Dehumanization has descended on Kosovo. The air is thick with calls for vengeance, not just for the present but for mythical betrayals of medieval history, Serbian teen-agers speak of avenging the Battle of Kosovo (1389) in which Serbia collapsed under Ottoman advance.

Into this frayed society comes Zeljko Raznjatovic known as Arkan. Armed with guns and hard currency, be is the warrior-crook who plundered Vukovar. He rules from his Belgrade ice cream parlor, striking deals. The Serbian Orthodox Church has blessed him. But the Swedish police want him for murder. The United Nations wants him for war crimes.

Arkan commands eight seats in the parliament of Kosovo, an assembly in which Slobodan Milosevic passes for a moderate. Disenfranchised Albanians fear him. Arkan taps the depths of Serbian nationalism. He wears a World War I Serbian officer's uniform and sings emotive folk songs at political meetings.

Srjan Jablanovic, a leading democrat, believes Arkan

ran for parliament only to escape a war crimes trial. "Arkan's conviction would implicate all the Serbs who voted for him," Mr. Jablanovic said, "so the parliament

TYPIOER.

be of interest to farmers whose crops

are confiscated, teachers tied to tor-

ture boards in prison --- and women

forced into abortion 20 years after

UN population-control people were

nomic penalties on China for violat-

ing human rights and for prolifera-tion—or give them one more year to be good boys. One more year is what he will probably decide. But congressional friends of Chinese freedom expect him to issue an exec-

utive order that would make the next

12 months the last year of grace unless Beijing behaves with a touch of decency. If he does not do that,

Under such an order, tariffs

would be raised if human rights decencies were not improved in China and Tibet, or American products fairly allowed into China.

And if proliferation continues,

All that may not work. Commu

nist bureaucrats have a personal

trade could be cut off.

Congress will

Mr. Clinton will decide in the next

allowed into the country

SUCH BEAUTIFUL WORK.

AND SIKH LOW PRICES !

HOW DO YOU DO IT?

Arkan's "combat photographer," Marian Perovic, says his boss enjoys divine protection. "Arkan was out in the middle of a battle and the bullets came toward him then veered away," he said.

Serbs voted for Arkan because he seemed to offer

protection against a possible uprising by the ethnic Alba-

protection against a possible uprising by the ethnic Albanians, who outnumber Serbs in the province 9 to 1. Since his election, Arkan has helped arm Serbian families. "I was elected by my people to protect them," Arkan told me. "Til kill anyone who threatens the peace. He added: "If the Albanians look to Belgrade I welcome them as Yugoslavs. If it's Tirana they want, I'll help them back." He seemed unperturbed about a possible war crimes trial, saying "I have done nothing to be ashamed of."

His men attacked a colleague of mine who filtered him

His men attacked a colleague of mine who filmed him without permission. Arkan took the tape, crushed it underfoot and accused us of being CIA agents, adding, "and you know what we do with the CIA, we bury them." Marian Perovic says the Serbian claim to Kosovo is non-negotiable, like the Alamo. This is the heart of the Serbian nation, the home of our church and legends. The

Albanians have no place here." As sanctions squeeze Serbia, Albanians fear they will be phindered by Arkan's men. Albanians were the poorethnic group in former Yugoslavia but traditionally hold what wealth they have in liquid assets: cars, silks, gold. Serbs know they could ease their bankruptcy by stealing from the largely unarmed Albanians. Arkan can only benefit from the tightening of sanctions. For him, engineering a war in Kosovo could be a stepping stone.

The writer is a free-lance journalist specializing in the Balkans. He contributed this comment to the Herald Tribune.

Japan's 'Surplus Machine' Won't Be Easy to Stop

By Kenneth S. Courtis

TOKYO - In the first three I months of this year, Japan's net external surplus — \$36.1 billion was more than the current account surplus generated by Japan in the entire decade of the 1970s, and was one-third larger than the figure for the same period in 1992. Much was made of the brief de-

cline in Japan's external surpluses in the late 1980s. In fact, the structural dynamics driving the surplus were being reinforced. Today, they are

stronger than ever. So there is now little to reverse the momentum driving Japan from one record surplus to another. The recent package of supplementary spending will help a bit, because of its largely domestic focus. But there has been no sign that Japan's leadership is prepared to help place the faltering GATT global trade negotiations

course to positive resolution. So the politics of trade are set to become more intense, more heated and more destabilizing for financial markets and the world economy.

Consumer spending in Japan represents only 56 percent of GNP, compared to 64 percent in Europe and more than 68 percent in the United States. This situation is central to America's problems, but it is also central to Japan's external imbalances. A country that has run an external surplus every year for more than 30 years is a country that is structurally underconsuming.

Japan's exploding surpluses are driven by several forces. In the seven years since the Plaza accord pushed up the value of the yen, corporate Japan has raced to reduce break-even levels on exports to match current exchange rates, and repositioned with equal speed to produce an ever higher value-added product mix. In adapting so quickly to the pro-found changes in its international en-

vironment, corporate Japan is more competitive today than ever. So the domestic economy has become still more difficult to penetrate. And Japan-based firms are even tougher ri-vals, expanding even at a time of recession in much of the world.

Many argued that the rapid expan-sion of Japan's direct investment broad would lead to an equally sharp decline in its exports. The reverse has occurred. Overseas investment has led to a strengthening of production capacity and distribution abroad. This has generated a powerful new wave of exports from Japan of capital goods required to equip these factories, and of the strategic,

high value-added parts to feed overseas assembly operations.

This allows Japanese companies to build more defendable long-term

market positions. It also tends to lock foreign firms in a structure of relations in which they become consumers, and then distributors, of exports from Japan. The relationship of dependence works as a powerful spur to further Japanese exports.

All of East Asia is engaged in an

enormous effort to move to higher levels of productivity, and to the output of more complex, higher valueadded goods and services. To do so, countries of the region must sustain enormous capital investment bud-gets. With two-thirds of the world's top 25 machine toolmakers based in Japan, the country dominates industrial robotics and leads in technology for manufacturing and assembly

Japan sees a vast new market in East Asia's investments in capital equipment and infrastructure. With the integration of China into the world economy through this decade, all these forces are set to intensify.

The low savings rates, ballooning deficits and relatively weakened competitive position of much of Europe and North America carry serious longterm implications. The pressures these forces are generating are quickly moving debate about trade and markets

from a focus on economics to a preoc-

cupation with politics. Unable or unwilling to initiate the reforms that would begin to release pent-up domestic consumer demand, Japan now finds its key trading partners increasingly determined to manage trade and move the yen still higher. As that happens, however, growth and inflation will be drained off Japan's domestic economy. As the economy continues to underperform its potential, imports will sag further up Japanese authorities will find it ineasingly difficult to refuse pressures for still lower interest rates and further

supplementary spending,
What is required is not more spending and interest-rate cuts, but reforms to release pent-up consumer demand. Without such reforms, Japan is headed for increasingly problematic relations with all of its major trading partners.

The writer, strategist and senior economist for Deutsche Bank in Asia. teaches at Keio and Tokyo universities and is chairman of the School of Inter-national International Studies in To-kyo. He contributed this comment to

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Irish in Hyde Park

LONDON — The Irish National League of Great Britain held a demonstration in Hyde Park yes [May 21] in support of the Home Rule Bill. Contingents from various parts of London met on the Thames Embankment, and marched to the park, where about thirty-thousand persons were present. There were twelve platforms, and at each a vote of confidence in Mr. Gladstone and approval of his Home Rule

1918: Tobacco, a Staple

scheme was passed.

AMERICAN FRONT - The 'doughboys" will now enjoy an issue of smokes. On the recommendation of General Pershing, the War Department has recognized tobacco as a soldier's necessity, just as much as food or clothing. When the new order goes into effect within a few days. each soldier will be issued two-fifths of an ounce of smoking tobacco and

for smokes there will be two-fifths of an ounce of chewing tobacco or four . "tailor-made cigarettes."

ten cigarette papers. As a substitute

1943: Roosevelt's 'Gosh'

NEW YORK - From our New York edition: Admiral Isoroku Ya-mamoto, commander in chief of the combined Japanese fleet, who designed the surprise attack on Pearl Harbor, was killed last month in an air battle in the South Pacific, according to an imperial announcement yes-terday [May 21] in Tokio. The death of Admiral Yamamoto, who once said he looked forward to "dictating peace to the United States in the White House at Washington," evoked from President Roosevelt the echo "Gosh!" From Tokio came broadcast voices, choked with emotion, bemoaning the death as one of the most serious losses since the start of the war. Yamamoto is believed to be the highest ranking officer of any

Are we supposed to surrender first place, in searing sympathy for Beij-ing? Do we sock it to Japan for not stake in tyranny — their lives. But Americans will have done what they And I cherish the daydream that one of them, just one, will get up and say: Look, in China we get labor at bottom dollar, without health care can for the Chinese, which is better getting out of China's way? We are told that foreign presence ameliorates life in China. That will than sitting around year after year, telling ourselves lies. fusses, no unions, no guff, and what The New York Times.

successful fake funeral since Tom Sawyer's, Defense Secretary Les Aspin last week buried "star wars," the missile defense system announced 10 years ago by Ronald Reagan. It was a dignified ceremony. Mr. Aspin called the press to announce the passing of the "star wars" idea and the Strategic Defense Initiative estab-lished to carry it out. He had praise for the deceased, pointing out that SDI, which made the Soviets realize they could not compete with the United

States, helped end the Cold War. Mr. Aspin then announced a successor to SDI to be called the Ballistic Missile Defense Organization. "Star wars" was originally envisioned as space-based and designed to counter a vast Soviet attack of thousands of missiles. BMDO, in contrast, will be ground-based and have new priori-ties: first, shooting down missiles in a theater of war (like the Scuds in the Gulf War) to protect American troops and allies; second, a ground-based territorial defense of the United States against a limited missile attack; and, only third, research on the more exotic (especially space-

based) defenses of the future. Why was the funeral a take? Because nothing really happened. Mr. Reagan's "star wars" idea of shooting down a Soviet attack had been discounted years ago. By the late '80s, even supporters began to see the major use for SDI as defense against only limited attacks. This new conception was ratified by George Bush's 1991 State of the Union address and by the Missile Defense Act of 1991, which provided for the building of a ground-

WASHINGTON — In the most By Charles Krauthammer

Star Wars Is Dead! Long Live BMDO!

based territorial defense of the United States against limited missile attack. Mr. Aspin was merely sealing the change, Indeed his BMDO budget is identical to his old SDI budget. Still, the fake funeral was extremely important. Mr. Aspin knows that the

United States needs missile defense. He also knows that Democrats have an allergy to the words "strategic defense" and "star wars," which forever carry the taint of Ronald Reagan. How to finally make SDI a Democratic program? Change the name. The change has not fooled every-one. Old anti-SDI types, like John Pike of the Federation of American Scientists and Representative John

Conyers of Michigan, immediately came out against the new program. Mr. Convers called for disbanding SDI, "not giving it a face-lift." Mr. Aspin's action will serve to marginalize these opponents, who refuse to acknowledge the obvious fact that against the threats of the future — North Korea, Iran, Iraq, Libya -- missile defenses are desper-

ately needed and can work. These liberals are far behind even the Russians in grasping the new re-alities. Boris Yeltsin, in his address to the U.S. Congress last year, urged a joint Russian-American effort to produce a global system of protection against missile attack. Indeed, my one quibble with Mr. Aspin's revised SDI is its needless bias against any system based in space.

The immediate need for space-based systems arises from the fact

that crazy states like Iran and North Korea might soon be able to deploy chemical and biological weapons on rockets that release not one but dozens of small bomblets. Cluster muni-

space-based sensors.

numbers any defensive system. The answer is to intercept the attacking rocket when it is still a single target. But to attack a rocket in this early "boost phase" - for a Scud, that means within 70 seconds of launch you need tremendous speed. You need very fast interceptors (which might have to be based in space) guided by

Mr. Aspin's aversion to space-based systems is unfortunate. But it does not minish the importance of his moving his party now firmly behind the gener-al idea of ballistic missile defense. The greatest danger to the American people and military over the next generation is the proliferation of weapons of mass destruction to crazy states like North Korea. As the CIA director, James Woolsey, has testified, "More than a dozen countries have operational ballistic missiles," and than 25 countries, many of them hostile to the United States and our allies,

may have or may be developing nuclear, biological and chemical weapons." Defenselessness was once an existential fact. Today, it is sheer political irresponsibility. It will be expensive to build a defense. But it can be done. In the Gulf War, Patriot missiles provided a crude demonstration of the possi-bility. More sophisticated systems can be developed. They simply require po-litical will. Mr. Aspin helped supply that with his unusual burial ceremony.

Washington Post Writers Group.

Chen Kaige: Beyond the 5th Generation

By Joan Dupont International Herold Tribsme

rds for Itom ANNES, France — Chen Kaige, born in Beijing, well over 6 feet tall, sports beige Japa-nese linen suits, a white Mao-style this shirt and sneakers; a yellow string is knotted around his wrist. "For luck," he says.

Chen is surely China's most Westernized Fifth-Generation filmmaker: He had a small role in Bernardo Bertolucci's "The Last Emperor," made a music video for Duran Duran and has an Upper

CANNES FESTIVAL

Westside apartment in New York. His films — from "Yellow Earth" (1984), to "Farewell to My Concubine," his entry in this year's com-petition at Cannes — show his country's immultuous history and arouse controversy.

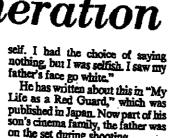
Producing a film in China today is full of surprises. The Taiwanborn produces of "Concubine," Hsu Feng, who raised the money through her Hong-Kong based company, had the film made in Beijing studios. The film, which treats the subject of homosexual love, opened in Hong Kong in January and will be released throughout China in the fall, but because of Taiwan's quota sys-

tem, it has been banned there.
Ten very disappointed, but people will want to see it for three casons," says Chen. "It's a hit in Hong Kong and people are interested in what goes on in Hong Kong; we have three top actors. Gong Li, Leslie Cheung and Zhang Fengyi; the third reason is because it's my

The film takes its title from an 18th-century opera that ends in the suicide of the emperor and his concubine. The Hong Kong author Lillian Lee's 1985 best-seller was about two "theater brothers," brought up in the hard school of Beijing apprenticeship, and the woman who comes between them. Leslie Cheung, as the concubine and Gong Li, as a prostitute, vie for the same actor, played by Zhang Fengyi.

Chen, a brilliant director of crowd scenes, has pulled off a triimphant coup: He closes in on the intense personal drama, while pan-ning through 50 years of history, anese occupation, civil war and Cultural Revolution and the era of reform: The actors' story ends in 1977, when they perform once more, two old hoofers out of steam.

Chen, whose father is a wellknown Chinese director, was 14 when the Cultural Revolution broke out and ambitious to become a Red Guard. Asked to denounce his father, he complied: "I betrayed my father: I knew it was the wrong thing to do - I can't forgive my-



on the set during shooting. After working on a rubber plants After working on a rubber plantation in southwest China, Chen joined the anny and aided the Viet Cong. In 1978, he entered the Beijing Film Academy, graduating with the group of post Cultural Revolution students who came to be known as the Fifth Generation—filmmakers like Tian Zhuangzhuang ("Horse Thie!") and Zhang Yimou ("Raise the Red Lantem"), who was Chen's cinematographer, "I made my first two films with Zhang Yimou," he says. "Now he's a master."

says. "Now he's a master." Chen found adapting the screenplay from the novel exciting, and made significant changes, "The Gong Li character was quite empty in the novel, just a shadow: I wanted her to be a little bit like Gong Li herself — smart, beautiful, strong, sometimes tough or tricky. Gong Li

Although there is no nudity, Chen feels he has succeeded in

'Concubine': Panorama

By Thomas Quinn Curtiss International Herold Tribune

gripping grandeur. With inextanstible vitality, the film relates the recent history of China, and against this background we follow the destiny of two actors of the Beijing Opera and a concubine locked in an sexual triangle that ends in death.

Running for almost three hours, the film holds its audiences rapt. Here is an astonishing production of wide and wonderful scope marked by its surety of touch as it displays the exquisite perfection of

The Russian film in competition, Alexander Khven's "Douba-Douba," is a disappointment. It tells of Andrei, a young movie

writer, who mugs men in public toilets and robs them to arrange the

escape from prison of his former girlfriend, Tania, who is serving

Paolo and Vittorio Taviani, two brothers who direct together, have

wrought an enormous and entravagant romance in their latest offering, "Fiorile." The legend it has dramatized covers two centu-

ries to recount the dégringolade of a proud Tuscan house. The film

has some ravishing forest views, and its interiors and its costuming

are of the finest, but it unfolds at a slow pace that kills. It must be set

Another film from Italy is Pupi Avati's "Magnificat." The story,

set in a medieval town during Easter Week in the 10th century, concerns a number of the inhabitants who set off on a pilgrimage.

The customs of the time are brutish, but Avati's approach to the

rituals and faith suggests that a more mature religion grew as the

Beijing Opera spectacles, dance, songs and acrobats.

tithe for a crime she did not commit.

down as a beautiful bore.

Dark Ages receded.

ANNES, France - Chen Kaige's "Farewell to My Con-

cubine" has overwhelmed the Cannes festival with its

Of Gripping Grandeur



Chen Kaige, right, with the actor Zhang Fengyi.

ing to treat homosexuality for the first time." He talks about homosexuality as if it were a remote was great—she suffered a lot during the shooting because her sister was dying."

Country. We may have along time ago, during the Ming dynasty," he says. "I treated it in a very subtle way." I made up the country: "We had homosexuality tracter of Leslie's mother - she

showing a strong physical relation-ship between the three protagonists

"And that's new; it was interestanything good about sex with women. This is my idea and it

> "An official in the industry told me, if you show naked bodies making love, your film will be banned; be subtle and it's fine," the director

minded now in China, there were three censors on the film. "We directors are an easy target," Chen said: "Twe been worried about this film every minute."

"Farewell to My Concubine" has done well since its Hong Kong re- death in 1919 has been greatly addlease; the official reason that the ed to since then, his imprint can film hasn't been released in Taiwan still be made out in the present was that the quota of Taiwanese actors in supporting roles had not been filled, but casting was completed before the law came into effect. "The real reason? We hate each

other, we don't know each other because of propaganda," the direc-And how would Chen feel if Miramax, the U.S. company that will release "Concubine" in the fall,

wants to cut it down from nearly three hours? "They'd better ask me," he says. "But if they have good reasons. . . . I made this film to be seen. Chen, who keeps an apartment in New York, has been living in a

hotel in Beijing for almost two years. Aware that this crisscrossing adrift — he has never cut a deal with Hollywood — he acknowledges that this is a crucial moment in his career. "Every time I come to Cames, I talk about doing a film on the Cultural Revolution — one day I want to do it. I have more energy now; I don't want to stop.

"And some day, you may hear that I'm making a commercial film in the States. Why not? I've had the title for a long time: A Maoist in New York. You like it? It could be a

A World View Of Asian Art In Washington

Freer-Sackler Galleries Are Tribute to Collecting

TASHINGTON physical linkage to the Arthur M. said in an interview, who was the Sackler Gallery built below ground great connoisseur. When World level a few years ago, the most War I broke out, Marcel Bing level a few years ago, the most remarkable museum of Asian art in the world has become accessible to

Nowhere else is it possible to look at some of the greatest works of art created in the Iranian world, and some Central Asian Republics, in India and its sphere of influence, in China, in Japan or in Korea. cultures, excepting China, are bet-

SOUREN MELIKIAN

ter represented elsewhere in the West. It is the global approach that is fascinating and, even more perhaps, the twin approach of two great collectors, each with a different vision and different multiple

Even though the Asian collection that Charles Lang Freer built up between 1894, when be embarked on his first tour of Asia, and his

HANKS to the book written jointly by Thom-as Lawton and Linda Merrill on "Freer, a Leg-acy of Art," one gets some idea of the striking figure cut by Freer. Born poor and forced to leave school at the age of 14 to work in a cement factory, he retired a millionaire by the time he turned 45.

His long journeys to Asia, which lasted for months on end despite his failing health, his encounters with Japanese collectors such as the banker Hara Tomitaro, his dispute with dealers who filled a disused and disguised themselves as monks prepared to sell their objects —all large Eastern Zhou basin of the make a good read. Freer was a fifth century B.C. and a wine vase n nul He v

ly intelligent and determined.

The self-discipline he had displayed in his career served him in good stead when he chose to become acquainted with cultures and art forms utterly alien to anything he had been accustomed to. With the entrepreneur's ambitious vision, his avowed aim was to go after masterpieces. He often succeeded. venturing to look at objects that few in his time could recognize, let

Freer's most astonishing achievement in this line is the collection of archaic Chinese bronzes, which he formed when hardly any Western collector knew anything about them. His great coup was the acquisition of a small but sturning group amassed by Marcel Bing, son of the famous German-born dealer in Asian art, Siegfried Bing.

Siegfried Bing, who spent most of his life in Paris, played a crucial With the reopening of role in making Japanese art famil-the Freer Gallery of iar to the French collecting public. Art on May 9 and its But it was Marcel Bing, Lawton joined the British forces to light the Germans. As a result, he was unable to look after his art business. Confronted with serious financial difficulties, the lighting dealer con-tacted Freer, offering to sell his group of archaic bronze vessels for \$100,000.

Even Freer, who had just invest-ed \$1 million in the construction of the art museum he had long had in mind, did not have that money. As before in such circumstances, Freer turned to old friends, Ernest and Agnes Meyer, asking if they would go half-share with him.

They agreed, as before on simi-lar occasions, eventually to be-queath them in their will to the museum in the making. And so it was that two of the most extraordinary Chinese bronzes in the world started the journey in time that was to end up at the Freer. One is a wine vessel shaped as a bird, which can be dated to the early fifth century B. C. and ascribed to the Eastern Zhou culture on the basis among other things, of a related piece unearthed in 1987 at Taiyuan in Shanxi. This entered the Freer in

The other bronze is a ritual food container of the mid-11th century B. C. Two highly stylized feline masks in low relief each cover one half of the circular vessel. Bold handles topped by animal heads jut forth between the eyes and on cither side. There is a furious power about the bronze despite its sophistication and enigmatic symbols

that largely clude us.

Other bronzes of this caliber have been acquired since the opening of the Freer Gallery in its first incarnation, shortly after Freer died. In the same case as the bird, a that turn the Freer into the Western world's foremost museum of Chinese archaic bronzes from the 13th century B. C. to the eighth century

Masterpieces of comparable magnitude can be seen at intervals in other categories — a Song carved lacquer dish of the 13th century, a Ming blue-and-white dish painted with a rock garden moul in the early 15th century that ranks at the very top of its category, and a few

This makes it all the more regrettable that in the new display, so sparse as to look at times a bit thin, major holdings have been incomprehensibly left out. It is surprising not to see a single piece of ding you (the ivory glazed porcelains with carved blossoms of the Song dynasty), not one guan yao (the Song Sackler Gallery rooms. The late

Stone Bodhisattva of China's Tang dynasty, 8th century. turquoise green so admired in China and in the West alike), or hardly any Tang vessel worth mentioning. While it is an enchantment to

come into the Korean room (there was none in the old days) with such unforgettable pieces as the tall vase of maebyong type with the white sprays on ashy black ground, one almost wonders whether the institution ever heard of the superb Korean bronzes ranging from the 11th to the 13th century. Themes, it HEN it comes to the

Islamic world, one looks in vain for the that the magnificent Freer holdings would easily allow. Instead, a few minimal groups of miniatures or objects leaving out some of the Freer's most famous works of art in storage appear here and there. The Mogul art of Persian-speaking India gets better exposure, but not Arab art. Here too some of the great pieces are out of sight. Poli-tics, it would appear, may have had something to do with artistic

The imbalance is partly compensated for by the unique counterpoint formed by the Arthur M.

psychiatrist, often underestimated in museums as in dealing circles, was endowed with a rare aptitude at recognizing great beauty. That of unassuming appearance at first glance. It is typical of Sackler to have bought one of the most beautiful bronze wine archaic bottles bulbous body, but also an exceedingly delicate and rare turquoise Shang stylized bird, even if not in mint condition. His Chinese archa

May 22-23, 1993

Freer's gallery by adding some not to be seen early in the century Similarly, Sackler bought silver vessels from ancient Iran unavailable in Freer's time. He acquired the most beautiful drinking horn of the Sasanian period (224 to 65) A. D.) on view in any museum

A few years ago, the Sackler, using funds from his endowment made the most sensational and massive come in recent museum annals. It bought at one go the Henry Vever collection of Iranian miniatures. Not one is on view. The rotation of the collections, a sound principle adopted by the director of the two museums, Milo Beach, will allow many adjustments. It is not the least merit of this two-faceted museum of Asian art, with many more sides waiting to be discov-

Down to the Wire for Cannes Jury

As Competition Enters Final Days, the 'Elves' Are Worried

By Vincent Canby

ANNES, France -"Judgment," Jack Va-lenti said the other night, "is the elf who acts like a computer when you get to that fork in the road." If that's true, and there's no reason to disbelieve the president of the Motion Picture Association of America, then it's apparent that a lot of elves are at the point of nervous breakdown as the 46th Cannes International Film Festival enters its final days.

Valenti, speaking in his own memorable syntax at a black-tie dinner, was toasting a colleague for the consistency of his wisdom and vision in matters relating to the American movie business in Enrope. The judgment of Valenti's colleague may still be firm, but elsewhere in Cannes, judgments are as unreliable as they are unpredictable. Neither elves nor computers work well here.

Two days ago, it seemed as if "The Piano," Jane Campion's penod romantic comedy with a modern sensibility, would be a cinch to win the Palme d'Or, the festival's top prize, when the awards are announced on Monday night. Today, all that has changed. If the local reviews are any indication of how the jury may vote, then "The Pi-ano" has a formidable rival in Chen Kaige's "Farewell to My Concubine," the only Chinese entry in the

main competition. "Farewell to My Concubine," screened on Wednesday night, is a nearly three hour epic covering 50 years of recent Chinese history in sexual, social and political terms that would have been unthinkable in a Chinese film just a few years ago, It's a handsome, exotic, beautifully acted film, full of the kind of humanism that festival juries like

to commend. Shown in competition on Thursday night was "Splitting Heirs," the genially slapdash, neo-Monty Py-thon English farce that opened in New York a few weeks ago. The main attraction on Thursday night was the out-of-competition screening of Sylvester Stallone's latest ac-

been the hostility with which the European press has greeted "Paraway, So Close," a decidedly senious, elegantly made new film by Wim Wenders, who can usually do no wrong at Cannes. Among other things, he won the Palme d'Or for "Paris, Texas" in 1984. "Faraway, So Close" is the German filmmaker's followup to his immensely suc-cessful "Wings of Desire," for which he was given the best director's prize at the 1987 festival.

Although he resolutely denies that "Faraway, So Close" is a sequel to "Wings of Desire," it shares with the earlier film the same concerns and many of the same actors (Bruno Ganz, Otto Sander, Peter Falk and Solveig Dommartin) playing the same roles. It is also paying the same roots, it is also based on a strikingly similar situation: an angel's seduction by earthly love and the concept of mortality. In "Wings of Desire," it is the engel played by Ganz who falls to Earth to stay in West Berlin; in the new film, it is the angel played by Sander. The setting is today's reunified Berlin. The new film also features Willem Dafoe and, as a new angel, Nastassia Kinski.

Clearly a disappointment to admirers of Steven Soderbergh, though not a film to be ashamed of,

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tion film, "Clifthanger." Almost as big a surprise as the popularity of "Farewell to My Concubine" has rental regard for the young American director. He came to interna-tional attention here in 1989 when his first feature, "Sex, Lies and Vidcotape," won the Palme d'Or.

> The new film is based on A.E. Hotchner's memoir of growing up poor and often untended in a seedy St. Louis hotel in the Depression. There's nothing wrong with the movie, but also nothing that's especially arresting or distinctive. Jesse Bradford, who plays Aaron, the teen-age Hotchner surrogate, has the base of identified model looks. the kind of idealized good looks that suggest a generic rather than an idiosyncratic character. Even more troublesome is the manner in which the movie seems not to rec-ognize the truly dark circumstances in which Aaron finds himself.

Aaron's beloved younger brother is sent away to live with relatives. After his tubercular mother is put into a sanitarium. Aaron's father, who is not supposed to be unfeeling or stupid, blithely goes off to sell wristwatches in Nebraska. He leaves the boy to fend for himself without money or anyone to call on for help.

Somehow, Soderbergh misses both the serious comedy and the drama of the situation. The movie is sweet and unsentimental, but it frequently appears heedless.

The world's economic and political chaos has taken its toll on Cannes this year. Movie makers seem to be either ignoring the world, incapable of coming to grips with it or unable to find the money and facilities with which to work

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Among U.S. Stock Buyers, Bulls Outscore the Bears

By Tom Petruno

Los Angeles Times Service
LOS ANGELES — The stock market has suddenly become a basketball game between the bulls and bears. And it doesn't look good

On Thursday, the Dow Jones industrials drove up another 23.25 points to a record 3,523.28 after Wednesday's 55.64-point rally. On Friday, the index was about 30 points lower at the close. at the close.

In the Nasdaq market of smaller stocks, all but written off as dead money a few weeks ago, trading volume hit a record high of 343 million shares on Thursday. The Nasdaq composite index, covering about 4,000 stocks, which was trading late Friday at 694.53, is just around 2 percent below its record close of February.

Like most great rallies, this one came out of the blue, leaving market pros scrambling to

But in fact, nothing has changed for the vast majority of investors, meaning individuals. They've been bullish all year, which is obvious from the record amount of cash they have poured into stock mutual funds.

Unfortunately for those individuals, too many of their fund managers sat on that cash in March and April, when they should have put it to work.

Instead of heeding their investors, those managers are economic growth and rising corporate profit — both of which we have.

ers followed what became an increasingly gloomy official line from Wall Street. A weekly poll of independent investment

advisers nationwide, tallied by Investors Intelli-gence of New Rochelle, New York, shows how the bulls wrongly turned into bears this spring.

The week of March 22, the poll showed 48.7 percent of advisers bullish, and only 30.1 per-

As the market turned choppy in the w that followed, many stocks were hit hard by profit taking. Instead of viewing the lower

By early this week, the bulls totaled just 32.1 percent - the lowest percentage since Septem

ber 1990 when this bull market began. Didn't the bears have good reasons to be pessimistic about stocks? After all, inflation began to perk up this spring, pulling gold prices and bond yields higher as well. President Bill Clinton has been generally bad for stocks all year, first with his tax-hike package and lately

with his waffling.

True, say the bulls. But they also argue that the bad news has been grossly exaggerated.

What too many pros have been forgetting is that the big picture still looks favorable for the beautiful the picture of the property of the state of the property stocks, because the ultimate determinants of

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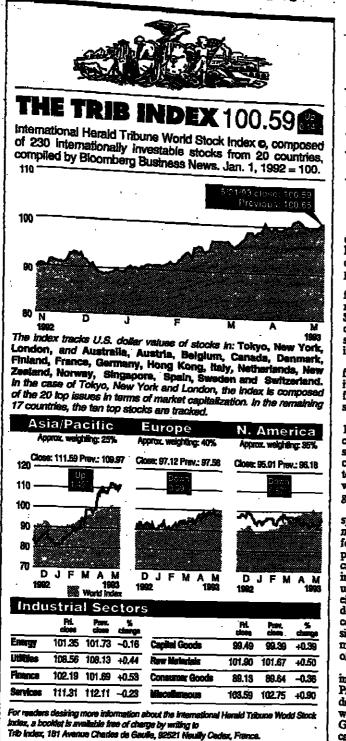
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BUSINESS

International Herald Tribune, Saturday-Sunday, May 22-23, 1993



8 Firms Are Fined In Tokyo For Cartel

By Andrew Pollack New York Times Service

TOKYO - In a conclusion to a closely watched antimust case, a Tokyo court on Friday found eight companies guilty of fixing prices of plastic film used for wrapping food.

The companies were assessed fines of between 6 million and 8 million yen, or about \$54,000 to \$73,000. Fifteen executives of the companies were given suspended sentences of six months to one year

Japan has been under pressure from the United States to toughen its antitrust enforcement in an effort to end cartels and other collu-

sive practices.
The food-wrap case, filed late in 1991, was the first criminal prosecution under Japan's antitrust laws since an indictment against an oil cartel in 1974. The case was meant to show that Japan's historically weak Fair Trade Commission was getting tougher.

But if anything, the case came to symbolize the timidity of the commission. Critics said the agency was focusing on a minor case while not prosecuting much more serious cases, such as a huge construction industry bid-rigging case in a sub-urb of Tokyo. Indeed, some of the eight food-wrap companies did not deny price fixing but argued in court that it would be unfair to single them out since there were so many other more serious examples

of price fixing in Japan. The companies convicted Friday included Hitachi Borden Chemical Products Inc., owned partly by Bor-den of the United States. The others were Denki Kagaku Kogyo KK Gunze Ltd., Mitsui Toatsu Chemicals Inc., Mitsubishi Plastics Industries Ltd., Nippon Carbide Indus-tries Co., Riken Vinyl Industries Co. and Shin-Etsu Polymer Co.

■ Manipulation Alleged Japan's 10-month-old securities watchdog filed its first criminal

complaint Friday, accusing a spec-ulator and a former finance company executive of manipulating stock prices, The Associated Press reposted from Tokyo.

The action renews debate over

whether the Securities and Exchange Surveillance Commission, Japan's stock market.

The criminal complaint targets Hiroshi Kimura, former managing director of Sumitomo Fudosan Fi-

JAL's Nemesis: America U.S. Carriers' Edge Worries Tokyo

By Paul Blustein

Washington Post Service
TOKYO — Susumu Yamaji, Chairman of Japan Air Lines, is facing an unusual problem for a Japanese business executive - ruinous competition from lean, mean American companies.

Unlike his Japanese counterparts in industries such as automobiles and electronics, Mr. Yamaji heads a company that is running far behind its American rivals in minimizing costs and aggressively luring consumers. Worse yet, those competi-tors — chiefly United Airlines and Northwest Airlines — are invading the only routes where JAL is earning profits these days: the rapidly growing routes linking Japan with the rest of Asia and with

So Mr. Yamaji is heading to Washington next week to press Japan's case that the rules governing air travel across the Pacific are unfair and that the fare-slashing American carriers' access to routes should be curbed. Otherwise, he said, "The U.S. carriers' strength may destroy foreign carriers."

Mr. Yamaji's effort to clip the wings of his American competitors is an example of the battles that are breaking out worldwide over international route access for American carriers, which offer relatively low-cost service and aggressively employ marketing

techniques such as frequent-flier programs.

In the U.S. administration's view, the American airline industry is facing a wave of protectionist moves by countries such as France, Germany and Japan that are trying to change aviation rules and reduce the rights of American carriers to land on their terrain.

These countries' efforts to coddle their own inefficient carriers raise the cost of air travel, Washington contends, and constitute a trade barrier against one of the United States' most successful industries.

Their governments counter that their carriers. many of which were only denationalized recently, are in no position to compete with American carriers who have been battle-tested by years of

deregulation and cost-cutting competition.

JAL's case brings the issue into sharp focus as a possible confrontation looms between Tokyo and Washington over the matter. Each side is warning that it is prepared to impose sanctions on the other's flying and landing rights, evoking fears of a tit-for-tat conflict that could turn ugly.

Mr. Yamaji, who expects to meet with U.S. Transportation Secretary Federico F. Peña and

influential members of Congress on his trip to Washington, is hoping to persuade his hosts that they should negotiate because JAL would not lose as much profitable traffic from a sanctions war as American carriers would.

But he may have a hard time answering critics who say JAL is a particularly bloated carrier that is resorting to just the sort of protectionist approach the Japanese government has been speaking out against in its overall trade policies.

JAL still has many of the features of the nearmonopoly status that it had until a few years ago. As of last year, the average JAL pilot earned about \$174,000, compared with about \$118,700 for a United Airlines pilot and \$98,600 for an American Airlines pilot. The average JAL flight attendant earned \$64,900 -- more than twice the amount paid to the average flight attendant for an Ameri-

"They aren't undertaking the kind of restructur-ing an airline company really needs," said Victoria Melendez, an analyst at Jardine Fleming Securities in Tokyo. "This is one case where a Japanese company can take lessons from an American company on how to restructure."

But JAL argues that no matter how much it restructures, the U.S.-Japan aviation treaty tilts the playing field in favor of American carriers. The pact was concluded in 1952, when Japan was still recovering from war and nearly all the passengers crossing the Pacific were Americans.

As Mr. Yamaji sees it, the American carriers have too many of the scarce landing slots at Narita — about 40 percent. Even more galling, in the Japanese view, is how the American carriers are trying to fly from the United States to Tokyo and Osaka and then pick up the lucrative Japanese traffic bound for Australia and other destinations on the Asian side of the Pacific.

Such flights made sense when planes could not fly long distances without refueling. But now, "the Americans are trying to turn Tokyo into their 'hub' for traffic that should go to Japanese, Asian and Australian carriers," a Foreign Ministry official

The Japanese government has threatened to cut off the Osaka-Sydney portion of Northwest's New York-Osaka-Sydney flight unless the airline cuts in half the number of Australia-bound passengers that it takes on board in Japan. And it has rejected United's applications to fly from Tokyo to Sydney and to Kuala Lumpur.

U.S. and Japan **Move Toward** A Showdown

By Steven Brull

nsernational Herald Tribute TOKYO — Any attempt by the dministration of President Bill Clinton to force Japan to set targets for reducing its trade simplus would create a showdown with Tokyo and might spoil prospects for the eco-nomic summit meeting of leading industrial nations here in July, officials and economists said Friday.

Mr. Clinton's leading advisers have recommended that the United States press Tokyo to accept numerical targets for reducing its global surplus by as much as 50 percent over the next three years. Such a reduction, however, is vir-

tually impossible to achieve, according to a range of analysts and officials here. So Tokyo would re-sist the demand even at the risk of greater frictions with Washington and an unsuccessful summit meeting of the Group of Seven nations,

"The Americans are insisting on something the Japanese know they can't deliver," said Jesper Koll, an economist at S.G. Warburg in Tokyo. "We're moving rapidly to-wards a brick wall."

Mr. Clinton's advisers are urging that he adopt the more confrontational economic policy that challenges Japan to cut its trade sur-plus. The Washington Post reported this week, quoting

Japanese officials reacted harshly to that report, reiterating the now predictable line that numerical targets are tantamount to managed trade and should therefore be avoided. "At least at present, Japan is not considering setting any con-crete goals such as promising to

curb the surplus," Finance Minister Yoshiro Hayashi said.
It is unclear whether Mr. Clinton

will endorse the plan to push for targets on macroeconomic indicators; the administration has already stated its desire for measurable results in such market sectors as computers, automobiles and fi-nance. Although the approach would put pressure on Tokyo to remove barriers to trade, economists say there is virtually no way Japan could haive its surplus in three years, even if it wanted to.

"It would be extremely difficult to reach such targets," a government economist said. He said that such a reduction could be achieved only by sucking in imports through sustained economic growth in excess of 4 or 5 percent, which is considered highly unlikely, or through unrealistically rapid changes in the level of domestic savings and consumption.

The plan reportedly would call on Tokyo to agree to reduce its current-account surplus to about 1.5 percent of gross domestic product in three years, and to bolster imports of manufactured goods to 4 percent. Japan's current-account surplus, which measures trade in both goods and services, accounted for about 3.2 percent of GDP in 1992 and is expected to rise to \$160 billion, or 4.0 percent of GDP, this year. Imports of manufactured goods are running at about 3 per-

Tokyo, attempting to rally oppo-sition to the Clinton administration's results-oriented policies, has gained the support of officials in

See JAPAN, Page 13

ECONOMIC SCENE

Is That Distant Thunder The Guns of Trade War?

By Joel Havemann and James Gerstenzang

RUSSELS - A world trade war: The mere possibility sends shivers down the spines of economists and business leaders around the globe, who remember all too well that the last trade war accompanied the Depression of the 1930s. Yet the risk may be greater than at any time since then. "A trade war is totally out of the question except for the fact that it has a good chance of happening," says Bill Brock, the U.S. trade representative a decade ago and now a Washington consultant. "Everybody knows how imbelievably stupid it would be, but it has a reasonable chance of occurring because like most conflicts, it spins up out of a whole series of

Some of those little things Like most conflicts. may already be happening.

The Clinton administration is it spins up out of a

regularly threatening to close series of little things. some U.S. markets to European goods if the European Communi-

ty does not dismantle various barriers. The U.S. trade deficit with Japan is triggering new demands by U.S. manufacturers that Washington restrict Japanese imports unless Tokyo opens its markets. The Community has already tightened its limits on Japanese car imports. Other dangers loom. Negotiations aimed at liberalizing world trade have been stalled for more than two years and could collapse if agreement is not reached by the end of this year. The U.S.

Congress is moving to reinstate the president's power to act against nations that run heavy trade surpluses with the United States. The industrial world could be moving toward three trade blocs: the European Community, East Asia and North America. "A trade war," warned Jim Rollo, director of international economics for London's Royal Institute of International Affairs,

is something that will creep up on us."

U.S. Trade Representative Mickey Kantor insists that the last thing the United States wants is a trade war. His frequent threats of closing U.S. markets, he says, are meant merely to pry open foreign markets to American goods. But a senior official in Mr. Kantor's

markets to American goods. But a senior official in Mr. Kantor's office conceded: "We're at a pivotal point. If things don't get better, they could go the other way. The stakes are pretty high."

A minority of economists find the prospect of a trade war less than alarming. Jeff Faux, president of the Washington-based Economic Policy Institute, says free trade means jobs go to low-paid foreigners instead of better-paid Americans. Manufacturers feeling hamstrung by U.S. by U.S. environmental regulations move production overseas. Com-

See CONFLICT, Page 14

Talks in U.S. Seek Common Standard for HDTV

By Lawrence Malkin emational Herald Tribune

NEW YORK — Leading high-technology the last minute by European companies and companies were locked in a down-to-thewire negotiation Friday on cooperating to develop a common standard for the next generation of television, which could also give them the inside track to the information

set up in July 1992, can be an effective monitor of illicit activity in Federal Communications Commission has the FCC has threatened to demand separate Makoto Araya, a speculator, and representing manufacturers, cable companies, commercial and research laboratories expensive and bureaucratically complex and others.

ance Co... They met in the Washington office of Rich-The official said the two are suspected of manipulating the price of now is a lawyer in private practice. Spokes-Nihon Unisys on the Tokyo Stock men for several of the companies involved Exchange between September 1990 said they fully expected a deal to be struck. By all accounts, the negotiations had shift-

ed from the question of protecting domestic Technology; Zenith Electronics Corp. and jobs that had been injected into the debate at commercial factors that have dominated the talks for months.

Another last-minute complication came from U.S. computer companies, which threatened to develop their own system if the highway of the future.

With the obsolescence of Japan's protoune favored by broadcasters were adopted. delegated the task of defining a U.S. version tests of their systems at a cost of \$850,000 to an industry-wide panel of competitors each FCC officials say they have no desire to force the groups through this additional,

> hoop and want industry to get moving on an Until the government demanded that they work together, three groups had been com-

peting for official approval of their rival technologies. They are General Instruments Corp. and the Massachusetts Institute of AT&T; and a third consortium composed of Thomson SA of France, Philips NV of the Netherlands along with the U.S. companies Compression Labs Inc. and NBC.

To win the support of U.S. unions and the government, Thomson and Philips promised to make their sets in their U.S. factories in Pennsylvania and Indiana if their standard was picked. Labor Secretary Robert Reich weighed in by saying that the decision "should turn, in part, on an assessment of which system would make the greatest contribution to domestic high-wage employment."

But the American competitors said this was not as simple as it sounds. The key jobs, said an official of one U.S. company, lay in manufacturing the display screens and the computer chips domestically and not in the mere assembly of the sets, which many U.S. companies do in Mexico.

FCC officials added that whatever stan-.

dard was finally adopted for the United

States, the European companies would probably do most of their high-technology work on it in the United States and not in Europe, > which would be the beneficiary mainly of the c. profits and the technological spinoff.

The three consortia have proposed four is possible standards for delivering the razorsharp images to TV screens. Independent engineers say all are excellent, with little to differentiate them except that some are more compatible with specific uses such as cable television or computer screens-The principal technical dispute lies between

advocates of a "progressive scanning" system, which eliminates an almost invisible flickering, and an "interlaced" system, which has greater resolution at more lines per inch but demands more complex computer software. Mr. Wiley, who is chairing the meeting, favors the broadcasters' solution -an interlaced system - with a gradual evolution toward the system favored by the computer

U.K. Inflation Slows Due to Tax Change

LONDON - Britain's annual inflation rate plunged to a 29-year low of 1.3 percent in April, the government reported Friday.

The chancellor of the Exchequer, Norman Lamont, interpreted the figure, the lowest since February 1964, as a sign that Britain was "firmly in the low-inflation camp" among industrial

But independent economists said that a one time tax factor had caused most of the drop and that upward pressure on prices remained

The decline "clearly isn't going to be sustainable, and there's a real risk that we're in for another boom-bust" in the economy, said Marian Bell, treasury economist at Royal Bank of Scotland. "All of the decline was due to this

special tax factor." The council tax, based on the estimated value of property, replaced the community charge, a flat poll tax. The council tax for an average household was lower than the community

An official of the Central Statistical Office said that shift had trimmed 0.7 of a percentage point off the annual rate, which was down from March's 1.9 percent. Earlier this week, the Bank

Eurocurrency Deposits

314-394 7-776 3 %-3 % 6 %-6 %

Sources: Reviers, Lioyde Bonk.

to be reversed by June.
Inflation excluding both mortgage-interest

costs and the local-government tax change showed a year-on-year rate of 3.3 percent in April, after 3.1 percent in February and 3.2 percent in March.

The government has a target of between 1 and 4 percent underlying inflation for the year. These figures were better than we expecting, but they also suggest that there were a number of one-off factors here," said John Kendall, bond economist at Baring Sterling Bonds. Many goods categories in the index, such as household goods and clothing and footwear, suggest inflation is brewing.

The statistical office attributed much of the monthly rise in the headline rate to increases in excise duties announced in the British government budget, which came into effect at the beginning of April. Taxes were increased on gasoline, cigarettes and alcohol, among other things.

More of that is to come. The Bank of Eng-

From now on you'll see rates beginning to

of England said in its quarterly report on infla-tion that the effect from that change was likely and said the extension of Britain's value-added tax to domestic fuel, also announced in the budget, was likely to add about 0.4 of a percentage point to the annual headline inflation rate from April 1994.

Ms. Bell at Royal Bank said the headline rate

could hit 6.5 percent by the end of 1994 and top 7 percent the following year if the government doesn't respond with higher interest rates as price pressures build. You can never say where the trough is, but I

think there is going to be upward pressure from here as the effects of the pound's devaluation work through," said Penelope Rowlatt, a director at National Economic Research Associates, an economic consultancy. Britain's raw-material costs have been gener-

ally on the rise for months because of sterling's devaluation since September 1992, when it was withdrawn from the European exchange-rate British manufacturers still are not passing on

all of the rise in their raw-material costs from the pound's devaluation because consumer demand remains fragile. Last month, however, producer input prices

tumbled I percent. (Reuters, Bloomberg)

U.S. Reporters Demand Access to Tokyo Results

By Steven Brull International Revola I norme
TOKYO — A U.S. news

agency stepped up its fight for equal access to information on Friday, entering the Japanese-only press club at the Tokyo Stock Exchange and demanding corporate earnings results at the same time as Japanese reporters. After two journalists from Bloomberg Business News began asking corporate officials for earnings announcements, a group of Japanese journalists approached and asked them to stop. They yelled at us to get out of the room," said David Butts, Tokyo Bureau Chief. For the past 18 months,

Bloomberg and other Western

agencies have been lobbying for full membership in the Kabuto

Club, as the press club at the

Stock Exchange is known. Now, Western agencies are permitted to attend briefings as observers, but reporters are not allowed to ask questions, occupy desks or receive press releases at the same time as members.

"This isn't a matter of government officials not inviting cer-tain reporters to a briefing," Mr. Butts said. "It's a matter of jour-nalists deciding to exclude fellow ionnalists. It's repugnant."

Bloomberg is demanding a temporary solution before full membership is granted: Equal access to corporate news releases. The agency, which has been given a desk in the hallway outside, normally receives earnings reports 5-10 minutes late. "For companies that deliver the news real-time, that delay is a

CURRENCY & INTEREST RATES

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Small Electric Firm a Big Power in Pay

Citizens Utilities Chief's Package Is Valued at \$21.6 Million

By Alison Leigh Cowan New York Times Service NEW YORK - How much pay should the chairman and chief executive of a small public-

utility company get?
At Citizens Utilities, which is based in Stamford, Connecticut, \$21.6 million seems to be the right number. That was what Leonard Tow, a 64-year-old economist who runs the company, received last year, according to an independent valuation by a leading pay expert based on a study of the company's public records. That did not include the \$10.5 million that Mr. Tow received from Century Communications Corp., another publicly traded company he runs.

Neither figure includes other provisions in his employment contracts that will shower him with additional millions of dollars, regardless of the companies' performance. One way to look at it is that the more than 800,000 customers in 13 states who got their electricity, water, gas or telephone service from Citizens paid an average of \$26 each last year to

provide Mr. Tow's pay. Mr. Tow's flair for deal-making received national attention this week when Citizens announced the purchase of several small telephone properties from GTE Corp. for \$1.1 billion. But unappreciated until now, at least by his shareholders and state regulators, has been Mr. Tow's skill in deal-making for himself.

The utility chief professes to know little about his pay — which includes stock options, restricted stock awards and retirement benefits in addition to nearly \$1.3 million in base salary and bonus at Citizens. He said his lawyer and the company had worked out the details.

Mr. Tow said further that he had not read the pay analysis by Graef Crystal, a specialist on compensation, and he said he did not know why Mr. Crystal's valuation of his package had come in higher than the \$15.2 million reported in the company's proxy filings. Either way, he said, Mr. Crystal is "off his rocker."

"My compensation is basically of the order of \$1 million," Mr. Tow said. "Beyond that, everything else is related to some kind of grant or bonus which is performance-related."

"I'm not getting paid any differently than Mike Eisner at Disney or Roberto Goizueta at Coca-Cola," he continued, referring to those industry leaders' pay packages of the last two years that amounted to tens of millions of dollars. "I'm performing better than those guys

and getting a fraction of what those guys get, It's hard to find a guy who can do it in one company. I do it with two companies.

"If you were working at two jobs, wouldn't you expect to be paid at two jobs?" he said. That's exactly what I do. Even when I sleep, I think about these companies. I wake up in the middle of the night with a note pad, and am busy writing this idea or that idea down."

On annual revenue of \$589 million last year, Citizens Utilities earned \$115 million. That was a rise of only \$2.7 million from the year before and its smallest percentage gain in earnings in more than a decade.

Mr. Tow's involvement with Citizens began in 1989, when Century Communications pur-chased a 2 percent stake in the company from an investor group led by Richard L. Rosenthal. its longtime chairman, who had once turned down Mr. Tow for a job. Mr. Tow won a seat on the board, and 14 months later became chairman and chief executive.

Mr. Tow's compensation came to light recently because of rules adopted by the Securi-ties and Exchange Commission last year that required companies to be more candid about EUROPEAN FUTURES

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Stock Indexes

Sources: Reuters, Matti, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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MARKET DIARY

Interest-Rate Rise Undercuts Stocks

highest level in seven weeks.

"When interest rates go up, stocks go down," said Dale Tills, manager of institutional equities trading at Charles Schwab & Co. in

N.Y. Stocks

San Francisco. "That's what we saw happen today. The Dow Jones industrial average, which had surged 2.3 percent in the past two days to a record

3,523.28, fell 30.45 points or 0.9 percent to 3,492.83 on Friday. The slump in stocks accelerated in the final hour of trading as investors unwound positions related to the expiration of stock-index options and options on individual stocks, Mr. Tills said. This is known

as the double-witching hour. Declining common stocks led advancers about 3 to 2 on the New York Stock Exchange. Trading was active, with almost 273.2 million shares traded on the Big Board.

The slump in stocks was tied mainly to the rise in interest rates, Edward Collins, executive vice president of institutional trading at Daiwa Securities America, said. Simply put, the stock market needs interest rates to stay low if it's to rise further," he said.

The yield on the 30-year Treasury bond rose as much as 4 basis points to 7.03 percent. The increase in in- Corp.

terest rates was buoyed by a report Bloomberg Business News terest rates was buoyed by a report suggesting the economy may be slumped Friday as long-term interest rates rose above 7 percent to the said Thursday that its main measure of money supply jumped \$20.1 billion in the week ended May 10.

The stronger growth we're seeing now is just one more nail in the coffin to the idea the Fed is going to ease credit," said Robert McGee, chief economist at Tokai Bank. Traders said rumors about an

improper computer-driven buy order made just before the New York Stock Exchange closed Thursday also contributed to Friday's decline in stock prices.

NYSE officials said they

checked into the trade and found nothing wrong with it.
U.S. stocks also had to contend

with a resurgence in gold prices. Gold for June delivery surged \$3.20 an ounce to \$377.90. The rise in gold prices helped darken the inflation picture, causing interest rates to rise, Mr. Collins said. Novell fell 1 to 31% on Friday,

after rising 10.1 percent in the past two sessions. The company is expecied to report second-quarter earnings on Tuesday.

Other computer-related stocks also fell. Hewlett-Packard Co. lost 3% to 83%. Apple Computer Inc. declined 1% to 57%, and Microsoft Corp. fell 1% to 921/2.

Storage Technology Corp. de-clined 3¼ to 40¾. The producer of computer storage products agreed to acquire the closely held Amperif

Dollar Chalks Up Gains On Mark, but Yen Rises

Compiled by Our Staff From Dispatches NEW YORK - The dollar finished mixed Friday, closing near its highs for the week against the Deutsche mark as higher American interest rates and Danish approval of the Maastricht treaty gave investors more reasons to dump the German currency

The treaty's approval could help stabilize European exchange rates

Foreign Exchange

after months of turmoil, which would make the mark less attractive as a haven, traders said.

The dollar finished at 1.6255 DM, up a plennig from Thursday's close of 1.6155 DM, but fell to 110.30 yen from 110.60 yen, weighed down by concern about the United States' swelling trade deficit with Japan.

Persistent concern about weakness in the German economy also hurt the mark, prompting investors to dump it for other currencies. With the German economy in the doldrums, German interest rates are expected to continue falling.

After recent increases in U.S. interest rates, on the other hand, the dollar is poised to gain in the next few weeks, traders said. "This could be the beginning of the midyear rally, which we weren't

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Markets Closed

Stock markets in Brussels and Paris were closed Friday for a beliday

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WORLD STOCK MARKETS

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expecting to come until June," said Eddie Tofpik, a trader at Esprit Brokers in London. "People are

turning friendly toward the dollar." Trading turned slow at midafter-noon after the day's only major foreign-exchange event, a rally by the dollar that faltered at the strong resistance level of 1.6320 DM.

The yen remained firm on the market's view that the U.S. administration prefers it that way.

The market's perception seems to be that the United States is moving toward a firm demand for furr trade concessions from Japan. This was seen as affirming official pressure for a higher yen.

Yields on short-term Treasury notes rose, with the yield on the two-year note gaining to 4.09 per-cent, its highest level since early

A surprise jump in the U.S. money supply, which some analysts see as a warning that inflation might accelerate, sent bond prices lower, traders said.

Elsewhere, the pound slipped to \$1.5430 from \$1.5566 Thursday. The dollar rose to 5.4730 French to 1.4681 Swiss francs from 1.4660 francs. The dollar rose to 1,480 Italian lira from 1,473.5 lira. (Bloomberg, Knight-Ridder)

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Dow Jones Averages The Dow Standard & Poor's indexes NYSE indexes - 24427 - 2.15 - 259.45 - 2.36 - 259.23 - 1.31 - 206.69 - 2.35 - 230.12 - 1.54 NASDAQ indexes High Lew Close Chips 497.42 692.35 694.25 — 3.14 731.37 754.55 778.39 — 3.79 731.47 754.55 778.39 — 3.79 731.47 754.55 778.39 — 3.78 731.47 754.55 782.37 — 7.78 731.55 792.35 592.37 — 4.14 731.07 674.65 592.37 — 4.14 NYSE Most Actives AMEX Stock Index 27% - % 27% - % 27% - % 27% + - % 27% + - % 27% - % 36% - % 36% - % 36% - % Dow Jones Bond Average Market Sales **AMEX Most Actives** Arriex 4 p.m. volume Arriex prev, cons. close NASDAQ 4 p.m. volume NASDAQ prev. 4 p.m. v NYSE volume down NASDAQ volume down Amex volume down Amex volume down NASDAQ volume up NASDAQ volume up NASDAQ volume down N.Y.S.E. Odd-Lot Trading S&P 100 Index Options 1130 775 424 2531 83 84 793 1145 576 2534 55 12 Ā. 72 114 Amex Diary 278 277 191 746 21 7 NASDAQ Diary

May 21

NAFTA Talks Are Deadlocked

OTTAWA - Negotiators from the United States, Canada and Mexico on Friday ended three days of talks deadlocked on how to enforce environmental and worker rights features of the North American Free Trade Agreement.

The three sides have agreed to create separate commissions to monitor how well each country is enforcing its environmental and labor regulations. The nations are also prepared to pledge to cooperatively raise levels of environmental and worker protection throughout the hemisphere. But the call by the administration of President Bill Clinton for the use of trade sanctions as a last resort to deal with persistent enforcemen breakdowns met opposition from Canadian and Mexican officials, who said they want a more "cooperative" approach. Canada continues to believe "that the use of trade sanctions would be a mistake," said the chief

Although Mr. Clinton endorsed NAFTA during the presidential campaign, he said there would be have to be strong side agreements to ensure that U.S. companies were not drawn to Mexico to take advantage of lax pollution controls or worker-rights rules.

Tokyo

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ST. LOUIS, Missouri (Reuters) — May Department Stores Inc., the No. I U.S. department-store company, announced a plan on Friday to spend \$4.6 billion over the next five years to open 100 department stores and 1,200 shoe stores.

May is the parent of Lord & Taylor, Robinsons-May Washington, Filene's, and Paydon St. and 1,200 shoe stores.

May is the parent of Lord & Taylor, Robinsons-May, Hecht's, Foley's,
Kaufmann's, Filene's, and Payless ShoeSource, among others.

May's chairman and chief executive, David Farrell, said the company

would also expand or remodel more than 60 stores. "May is committed to getting more store-for-store growth from our existing stores, while continuing to expand aggressively our new stores," he said. The expansion will increase retail space in May's stores by 36 percent.

Utah Bank Buying Discount Corp.

NEW YORK (Bloomberg) - Discount Corp. of New York, the last independent dealer of U.S. government securities, agreed Friday to be acquired for \$65 million by Zions Bancorp, a Utah bank holding company.

The \$8-a share offer for the 75-year-old firm, whose first board The S8-a-snare other for the 75-year-oad first, whose first board included J. Pierpont Morgan, follows losses in four of the last five year. In the last two years alone, Discount, one of 39 primary dealers of government securities, had losses of \$45.9 million before taxes. Its competitors earned about \$1.2 billion during that time by trading and underwriting U.S. Treasury and federal agency securities.

With the acquisition, Salt Lake City-based Zions will obtain a foothold

in the \$2.7 trillion government bond market. It will also be able to distribute its own investment products, especially pools of Small Business Administration-backed loans, through Discount's sales force. Zions, with \$3.9 billion of assets, will be among the smallest owners of a primary dealer of government bonds.

Warner Brothers Has Deal With Fuii

BURBANK, California (UPI) — Warner Brothers amounced Friday a production deal with Puji Television Network Inc. Warner, the movie studio that is a unit of Time Warner Inc., and Puji, Japan's largest television production and distribution company, said they had agreed with Outlaw Productions to produce and distribute between four and seven feature films. The pact is Fuji's first such arrangement with an American production company.

Outlaw Productions, owned by Robert Newmyer and Jeffrey Silver Outlaw Productions, owned by Robert Newmyer and Jenrey Silver, produced the 1989 hit "Sex, Lies and Videotape," along with "Don't Plane Morn the Babysitter's Dead," "The Opposite Sex," "Mr. Baseball," "Crossing the Bridge" and the current Disney release "Indian Sammer," Warner is one of the remaining American-owned studios, along with Disney and Paramount. Sony Corp. owns Columbia and TriStar, Australia-based News Corp. owns 20th Century Fox; Matsushita Electric Industrial owns Universal; and Crédit Lyonnais owns MGM.

Exxon Will Start Drilling in Nigeria

IRVING, Texas (UPI) — Econo Corp. said Friday its Esso Explora-tion affiliate and Production Nigeria Ltd. had signed a production-sharing agreement with the Nigerian National Petroleum Corp. The agreement is Exxon's first for exploration and production in-Nigeria. Exxon said the deal would give it the right to explore and operate a 500,000 acre (202,000 hectare) area off the Nigerian coast.

Exxon said it would pursue efforts to find further exploration and production opportunities in Nigeria.

For the Record

Digitran Systems Inc.'s stock was suspended Friday for 10 days by the Securities and Exchange Commission, which cited questions about the adequacy and accuracy of the company's earnings report for financialyear 1992 and subsequent financial statements. Digitran, based in Logar, W. Totte: 71. fit Utah, develops and markets computer simulation training systems. (AP), Liberty Media Corp. is to pay \$114.1 million, 9 percent more than planned, to buy Home Shopping Network Inc. shares after an unexpectedly. strong response to its tender offer. The purchase will increase Liberty's ownership of Home Shopping's voting stock to 71 percent from 65 percent and its equity stake to 41.5 percent from 23 percent. (Bloomberg)

U.S. FUTURES

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COCOA (NY CSCE)

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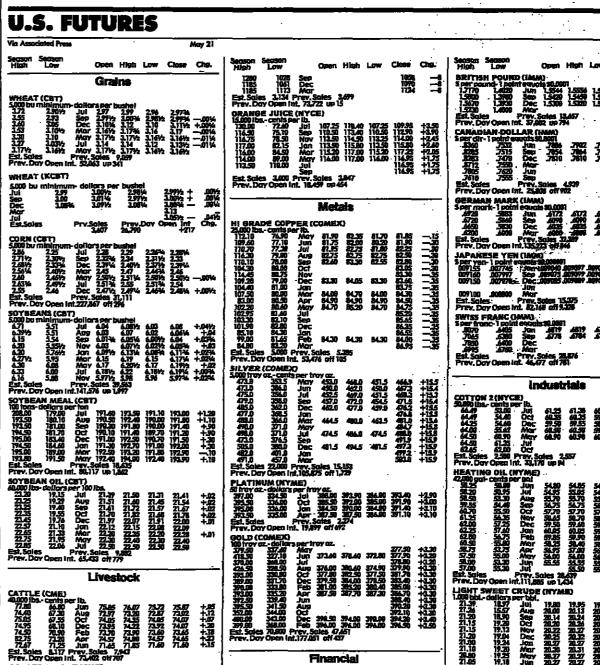
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(a) Mary John Steam 37.80 37.80 37.80 37.50 US T. SILLS (IMM)
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(Indexes compiled shortly before market close)
SP COMP. IN DEX (CAME)
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Ext. Solies Prev. Solies 66.70
Prev. Day Open Int. 18.344 off 1.316
NYSE COMP. INDEX (NYFE)
Points and cents
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123.50 227.15 Dec 24.65 245.50 245.70 -1.52
124.50 227.15 Dec 24.65 24.65 24.50 24.50 -1.52
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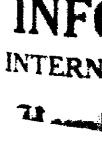
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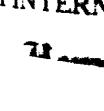




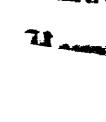


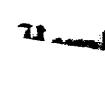






















Germany's Insiders in Spotlight Union Leader's Case Underlines Laxness of Rules

By Ferdinand Protzman New York Times Service

BONN — Germany's lax views on insider stock trading came into focus this week when Franz Steinkühler, the nation's most powerful labor leader, was accused of engaging in insider trading by profitting handsomely from information he received as a member of the supervisory board of Daimler-Benz AG, the country's largest company.

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While it is a crime in most other industrial countries, trading on insider information is not illegal in Germany and it is not unusual. The eight German stock exchanges try to prohibit it by a gentlemen's agreement, under which suspicious cases are investigated by an insider-trading commission appointed by the

exchanges.

But the penalties are seldom more than a slap on the wrist, like forcing insider traders to forfeit all or part of their profits. The commission is now investigating Mr. Stein-kühler, president of the IG Metall metalworkers union — Germany's biggest union on a transaction that netted him a profit of 64,000 Deutsche marks, or about \$40,500. Although Mr. Steinkühler denies any wrongdoing and is not expected to resign, the insider-trading accusations have burt his rep-

BONN - Chancellor Helmut Kohl of Ger-

many is preparing public opinion for a hard-

hitting dose of economic austerity, the result of

Mr. Kohl urged his last cabinet meeting to

prepare "severe economies" in ministerial bud-

gets as part of the draft federal budget for 1994,

which is to be adopted by the government on

utation at a time when he is helping to lead a huge strike over the pay of steel and metal workers in Eastern Germany, The accusations have also put the spotlight on Germany's relatively lax attitude toward trading on inside information.

"At a time when Frankfurt is trying very hard to compete with London as Europe's leading financial center, this is something we certainly did not need," said a senior banker in Frankfurt who asked not to be named. "It is a black eye for the market and could make foreign investors avoid German stocks. And egal or not, it was morally a very questionable thing for a trade union leader to do."

Legislators in Bonn have been trying to formulate tougher securities laws since 1991, when the Frankfurt exchange was tarnished by a major insider-trading scandal involving some 30 brokers.

But proposals that would make trading on insider information a criminal offense punishable by up to three years in prison or fines

have been bogged down and all but forgotten.

The current investigation centers on the announcement on April 2 by Daimler-Benz's supervisory board that it planned to dissolve a subsidiary called Mercedes AG Holding and convert that unit's shares into Daimler-

farmers from the agenda for the cabinet meeting.

by the need to reach consensus in agreeing on

the so-called "solidarity pact" in March.

Seriously painful measures had been delayed

A member of parliament of the Christian

Democratic Union party that is led by Mr. Kohl, Christian Neuling, outlined the cuts under consideration in remarks to the newspaper

He said he might have to cut payments to the

He also suggested that the 75,000 skilled staff

unemployed by 3 percent, cut pay for people on

*Kohl Prepares Germans for Austerity

Benz stock on a 1-to-1 basis at the end of this year. That announcement drove up the price of Mercedes Holding shares, which at the time were trading nearly \$77.57 below Daim-

The insider-trading commission began in-vestigating because Mercedes Holding shares began rising several days before the annomcement

Mr. Steinkühler admits buying nearly million DM worth of Mercedes Holding shares between March 18 and April 1, some of them on his son's account. He has since sold about 1.000 shares.

He said that he did not know any more about Mercedes Holding than the average newspaper reader and that he first learned of the deal on April 2, the second day of Daim-ler's two-day supervisory board meeting, when Hilmar Kopper, chairman of the supervisory board and chief executive of Deutsche liank AG, announced the plan.

Some politicians and unionists demanded this week that Mr. Steinklihler step down from his union post and relinquish his seats on the supervisory boards of Daimler-Benz and Volkswagen AG. But others have voiced strong support for him and it appears likely that he will keep his posts.

employed by labor offices in the west of the country be reduced to 60,000.

Sources close to the governing coalition said

that a project to provide help to those unable to

look after themselves might be revised down-

The solidarity pact, a program negotiated with the opposition Social Democrats, was in-

tended to boost resources for reconstruction of

the economy in Eastern Germany while im-

ward and family benefits might be reduced.

EC Panel Urges Action to Avert Currency Crises

KOLDING, Denmark - European Community finance ministers meeting here Saturday are likely to endorse two reports on last September's currency upheavals, but acceptance may mask differences over the use of central bank intervention to calm markets, EC monetary sources said.

The ministers have before them two reports. One is from the EC monetary committee, which groups heads of national treasuries and deputy central bank governors, and one from the committee of EC central bank governors.

The monetary committee report backs greater use of intervention before currencies reach their limits in the exchange-rate mechanism, in situations where market perceptions can be easily influenced." The report recommends greater readiness by EC monetary authorities to catch the market unaware by taking decisions on economic poli-

cy changes earlier. Such changes might concern do-mestic fiscal and monetary policy reforms, or the more flexible tools of interest-rate changes, foreign-ex-change market intervention, or

ERM realignment itself, it said. Key principles the monetary committee recommends are more frank talking between member states, intensive concertation among central banks, and readiness of particular governments to heed pressure from other EC partners for policy change.

The last point is likely to prove controversial since it could impinge on national sovereignty, the

port comes in the aftermath of last mendations of other countries.

September's speculative pressure that forced Britain and Italy to withdraw their currencies from the currency grid in September. The strains have continued, as Spain and Portugal devalued their currencies last week. Another issue that risks under-

mining EC determination to counter speculation is the Bundes bank's reluctance to intervene when not obliged by ERM rules to do so, the monetary sources said.

The Bundesbank is concerned because intervention swells its money supply, adding to inflationary pressures at home, the sources said. Another reason is that repay ment of the Bundesbank's ad-

vances to support weaker currencies takes place in European currency units, which convert to fewer marks if the weak currency of the moment is devalued.

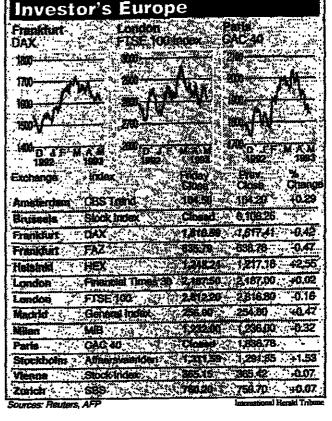
The central banks of Belgium,

and to a lesser extent the Nether lands, have also expressed disquiet over these exchange losses after being forced to help support weaker ERM currencies.

Earlier this year, central bankers monetary sources say the matter is unresolved and continues to rankle with the Bundesbank in particular.

This may yet prevent a new intervention policy, with full support from all EMS members, emerging from the review, the sources said. As the price for continued, if re-

luctant, willingness to prop up the system, the Bundesbank insisted in the monetary committee's report on the need for weaker-currency coun-The monetary committee's re- tries to take action on the recom-



Very briefly:

• Bank of Portugal is to cut its discount rate from 14.5 percent to 13.5 percent with effect from Saturday. The bank said that it would also reduce its reference TBO bond rate from 16 percent to 14.5 percent. The two rates had been unchanged since March 1989.

were thought to have reached informal agreement between themselves resolving this problem, but some of Thysses Aufzüge GmbH, an elevator unit of Thyssen AG, said it bought to have reached informal agreement between themselves a majority of a French rival, Compagnie Générale des Faux for an undisclosed sum. General Motors (Europe) AG's president, Louis Hughes, was elected a member of Deutsche Bank AG's supervisory board of directors.

• Adam Opel AG, a GM unit, is expected to report a drop in 1992 group pretax profit to 920 million Deutsche marks (\$571 million), from 1.075 billion DM a year earlier, the magazine TopBusiness said. The company would not comment, saying its results would be released June 22.

 Total Compagnie Française des Pétroles, the state-owned oil company, said test drilling at the Cupiagua field in Colombia was encouraging and confirmed "the presence of a significant amount of hydrocarbons." Swan Hunter, Britain's financially troubled shippard, will lose 420 jobs from a total work force of 2,200, labor unions said. Swan Hunter called in receivers last week after it failed to win a key order.

July 13 before being presented to parliament. Before the meeting, Mr. Kohl met with Finance Minister Theo Waigel to express support for him in his meetings with ministries, a govpublic-works projects by 25 percent and reduce state aid for the steel, coal and agricultural proving the state of public finances. Consequently, the new round of cuts is expected to come as a rude dose of reality for emment spokesman said. industries, totaking 120 billion Deutsche marks Meanwhile, Mr. Kohl removed an expensive (\$75 billion) per year, by 10 percent. Germans believing that the pact had marked the end of belt-tightening. draft bill to create pensions for the sponses of

JAPAN: Toward a Showdown With Washington Over Trade Surplus?

Australia and Southeast Asia. Japan will take its case to the 24nation Organization for Economic Cooperation and Development at its ministerial-level meeting in Paris early next month. "I think Canada and some European nations will be opposed," a Foreign Ministry official said. Even if the Clinton proposal is rejected by multilateral organizations, however, Washington could press its case bilaterally.

That could detail hooes of major Seven summit meeting. The United States, along with its

meeting to help push the world economy out of its shimp by pro-moting new growth initiatives and putting the leaders' stamp of approval on a key element of any global trade agreement, a package of measures designed to broaden market access for a wide variety of

Japan's current-account surplus as a percentage of gross national product peaked in 1986 at 4.2 percent. GNP, a broader gauge of na-tional output than GDP, was the standard of measurement in Japan

debating the need for structural changes necessary to shrink the imbalance toyed with the idea of setting a target for the surplus of 2 percent of GNP. The idea, howev-

er, was quietly shelved. Tokyo's current-account surphus, nonetheless, began to fall rapidly due to the doubling of the yen's value against the dollar and stimulative monetary and fiscal policies that led to the late 1980s assetinflation spiral of land and stock accomplishments at the Group of relias low as 1.2 percent of GNP in 1990 as Japanese consumers banged on BMW cars, French paintings

> There is little scope for similar policies now, and little hope for similarly swift results. Even with measures approunced over the past year, the Japanese economy is un-likely to stage a recovery before later this year; even then, growth will be modest at best.

Japan's currency has appreciated more than 10 percent since the start of this year, a rapid move that will lead to greater imports. The increase in imports, however, will be

at that time. A year later, officials smaller than in the late 1980s be- counter severe domestic political Japanese companies marched ups-cale in the late 1980s to overcome the strong yen, their exports grew increasingly resistant to exchangeproducts, from specialized machine ca to reduce its budget deficit and

> enjoys little competition. Attempts to increase imports by altering structural features of Ja- who is going to think about it?"
> pan's economy, such as its compliasked Mr. Hayashi, the finance cated retail distribution system and inefficient land policies, would en "Ambitious" on GATT

> > REPORT

cause the year's appreciation is pro-portionally smaller. Moreover, as for the Japanese to agree to such interference in their domestic macro economy by an outside power,'
Mr. Koll said. The remaining rate movements. For a host of advocated by Tokyo, is for Ameri-

tools to mini-disk players, Japan make its industries more competitive. "If the United States doesn't think about the problem by itself

Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, says the Dec. 15 deadline set by the Clinton administration for finishing long-running multilateral trade negotiations is an "ambitious" target, Agence France-Presse reported from Paris. In an interview to appear on

Monday in the magazine Valents Actuelles, Mr. Dunkel says, "Meeting that target will entail very concentrated negotiations, at a time when we are getting close to the

If It Can Be Had 'for a Song,' Will It Cost More in Britain?

LONDON - Consumer groups say they're a ripoff. The industry says high prices are justified by high spending on development. The government is being asked to investigate. That is the dissonant sound being made about

music -- specifically, about compact disks -- in Brit-

Derek Prentice, assistant director of the British Consumers Association, is the one making the ripoff charge, for reasons like these: "Dark Side of the Moon," a CD of the rock-music standard recorded by the British rock group Pink Floyd, generally sells for about £14.99 (\$23.31) in a major London record shop but only costs about \$14.99 — the equivalent of £10.44 when sales tax is added on — in a comparable New York outlet.

For those with other musical tastes, the story is much the same. The Welsh National Opera's version of the Mikado costs £14.49 in London but about £4 less than that in New York, "Diva" by the British star Annie Lennox is £1.53 cheaper in New York.

The British Phonographic Industry, which represents record companies in Britain, replies that preservtraditional summer vacation perions the large and varied repertoire of the British od. Hence we risk running out of popular-music industry requires major spending on time in the second half of the year."

for artist and repertoire. The organization says the U.K. record industry invests as much as 13 percent of its sales in A&R, which it says is much more than the American record industry spends. Tressan MacCarthy, an analyst at Panmore Gordon

& Co., sides with the companies. "The U.K. spends far more on A&R than any other country," she said. Last week, Bryan Carsberg, director-general of the Office of Fair Trading, said he would ask the Monopolies and Mergers Commission to conduct an official

investigation, after a panel of legislators recommended that British compact-disk prices be cut. The committee, chaired by Gerald Kaufman, a member of Parliament for the opposition Labor party,

said record companies could not give satisfactory explanations for the price differences. The Consumer Association says record companies

are using copyright law to keep out cheaper imported CDs. Some analysts say British music retailers insist on profit margins that are higher than those of their American counterparts.

But retailers insist this is not the case - a spokesman for W.H. Smith & Co. said its profit margins were "a lot smaller than you think" — and say the trans-Atlantic price difference is due to the economies of scale that the much larger American market allows.

Kuwaiti Office Set to Appeal Swiss Seizure

LONDON — The Kuwait Investment Authority, parent of the London-based Kuwait Investment Office, said on Friday it would seek to appeal a Swiss court order freezing its Swiss assets.

The freeze was obtained by the Spanish packaging company Sarrio SA in pursuit of its claims in Spain of some \$75 million against the KIO's Spanish investment arm.

The KIA statement said action against Torras was pre-liminary and that it had sought to have the Swiss ac-

tion set aside. KIO accounts in the Geneva banks Swiss Kuwaiti and Odier Lombard have been frozen. The Swiss action by Samio

followed the collapse of Kuwait's \$5 billion investments in Spain and the insolvency of Grupo Torras last year.

FREE INFORMATION

FROM INTERNATIONAL INVESTOR XXVII

Herald Tribune.

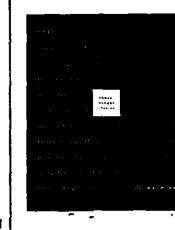
The latest information from the distinguished companies listed in this section is available to you at no charge. Simply circle the appropriate number on the coupon (at the bottom of the page) and return it to us before June 18. The report(s) will be mailed to you by the companies involved.

The Asea Brown Boveri Group is a global, \$ 30 billion company serving electric power

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kets. More than half of ABB's sales are in Europe, about one-fifth each in North America and Asia, and the remainder in South America and Africa.

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have increased by 35% to Sfr. 4.6 billion over the past 5 years. During the same period the consolidated net income has risen by 25% to Str. 192 million. Return on equity amounts to 9.3%. 61% of sales are generated outside of Switzerland, primarily in the EC.

Consolidated sales

Schindler @

Schindler 1992

Schindler, one of the world's leading elevator and escalator manufacturers, offers its products and service es 24 hours a day in more than 100 countries around the world. Every day, 500 million people

use Schindler facili-ties. Group key fig-ures in fiscal 1992: Orders received SFr. 4202 million (US\$ 2898 million), operating income SFr. 4457 million (US\$ 3074 million), net profit SFr. 110.7 million (US\$ 76.3 million), cash flow SFr. 284.5 mil-lion (US\$ 196.2 million), personnel 32656. (Exchange rate applied: 1 US\$ -SFr. 1.45).

SULZER

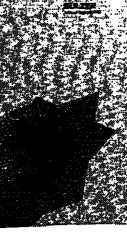
Process Engineering, Reciprocating Compressors, Locomotives and Gears, Surface Technology,



bomachinery, Paper Technology, and Pumps, for which it transforms it. future-oriented and superior technological knowhow into products and services which are attractive for its customers. Each product division strives to be technically excellent, growing, profitable, and a leading partner to its customers. The annual report describes the company's strategic development and the excellent results it achieve achieved in 1992.

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Ann Doyle/International Investor XXVII International Herald Tribune, 181, Avenue Charles-de-Gaulle 92521 Neurily Cedex, France. Telex: 613595 F. Fax: 46 37 52 12 Please send me the reports from the companies circled at no cost or obligation. Check here: if you would like information sent to you so that your company is inclued in our latermational investor feature to appear in September 1993 please attach your business card.

Name	
Job Title	
Company	
Address	
City	Code

Friday's Prices

NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 nost traded securities in terms of dollar value. It is updated twice a year.

DW YILD PE 100s

CONFLICT: In the Wind, the Sounds of an Approaching Trade War?

(Continued from first finance page)

petition from abroad has all but wiped out some U.S. industries (consumer electronics) and devastated others (cars, steel, textiles). We just don't think that the world's economy and the fate of Western civilization ride on whether we have more trade or less trade," Mr.

Faux says. In the view of most analysts, however, trade wars have nothing but losers. True, some manufacturers profit temporarily because their domestic markets are shielded. But even these manufacturers lose out in the long run: They become flabby and unable to survive fair competition from abroad.

"The early stages tend to be, on balance, politically pleasant," says Gary Hufbauer, an analyst with the Washington-based Center for International Economics. "But the inefficiencies and high costs come back to haunt you." Companies that rely on foreign markets suf-focate during a trade war. The United States sent tariffs soaring on most impor-

exported \$448 billion-worth of goods last year; economists estimate that as many as 13 million Americans owed their jobs to international trade in goods. That does not count the \$178 billion in exports of such services as movies,

telecommunications, shipping and banking.

The Paris-based Center for Forecasting and International Information has analyzed the probable consequences of a severe trade war. It assumed that total world trade would decline by nearly 20 percent. The center's analysts concluded that world economic output would be 15 percent lower in the year 2000 than it would be without a trade war. There would be 23 percent less economic output in industrial 23 percent less economic output in industrial Asia, 13 percent less in Europe and 7 percent in

the United States. It is the United States that usually blame for starting the last world the Depression. The instrument

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(45 percent); china and porcelain (60 percent);

champagne (\$6 per gallon).

Smoot-Hawley triggered a tidal wave of retaliation, from Canada, Mexico, Britain. Germany. France, Japan and Australia, among

After World War II, the world's top trading nations set up the Geneva-based General Agreement on Tariffs and Trade, or GATT. Six rounds of negotiations under GATT auspices reduced average global tariffs on manufactured goods from 40 percent in 1950 to 4 percent today. The volume of world trade exploded.

Now 115 nations are participating in the seventh round of GATT negotiations, known as the Harman Pound. The round's avends the

the Uruguay Round. The round's agenda, the GATT's most ambitious ever, includes tighten-ing rules on such sensitive products as farm

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What Price a Thai Worker? Little Help in Store for Survivors of Factory Blaze

BANGKOK — Sometai Puangsom is one

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fortunate young soul.

During the blaze that consumed a Thai doll factory outside Bangkok on May 10, the 19year-old leaped from the fourth floor of the building just minutes before the entire structure collapsed. He survived, but only after shattering his hip, fracturing his jaw and suffering multiple lacerations.

Yet as Mr. Somehai and 500-odd injured survivors of the century's worst factory fire try to put the awful episode behind them. they're finding little in the way of financial help from their employer, Kader Industrial (Thailand) Co.

"I would never work for this company again," said Mr. Somchai, who has received a one-time payment of 5,000 baht, or \$200, for his troubles. Now, I see how little they cared about us and how little we are worth," he added from his hospital room in Nakorn Pathom outside of Bangkok. Kader officials in Bangkok and Hong

Kong did not return numerous phone calls seeking their comment.

Survivors of the factory calamity will not be able to count on much more financial help from the company or the government as they seek to put their lives back together.

Thailand has a deserved reputation as one of the Asia-Pacific region's emerging economic dragons. Its gross national product grew by more than 10 percent a year in the late 1980s and growth should hit about 8 percent this year. Foreigners invested \$2.5 billion in Thailand in 1992.

But when it comes to workplace safety, Thailand is still firmly rooted in the Third World. That policymakers, under pressure to attract foreign investment, have avoided laws that would tie businesses down with regula-

As Thailand pulls itself out of poverty, it has little time for humies such as laborsafety standards, strict building codes and workers' compensation.

While the surviving relatives of an average U.S. factory worker would receive about tions of building and labor codes. And a fac-5700,000 in worker compensation, in Thailand, such a payout is unheard of.

In addition to the \$200 Kader will provide to the victims, the Thai government will kick in up to \$1,200 from a worker-compensation system launched in 1974. For the seriously njured factory workers, most of whom are uninsured, this will meet only a fraction of their medical and rehabilitation costs. Kader is also providing about \$800 to the

relatives of those who perished in the fire. That strikes some as woefully inadequate. Prachuab Yuisuwan, 37, a seamstress at the factory who broke her ankle after turnbling from a third-story window when the

'Now, I see how little they cared about us and how little we are worth.'

Somehai Puangsorn, an injured employee of Kader Industrial

building crumbled, said the payout doesn't cut it. The "money the company offered is just a token, so small," she said.

What is more, although Mr. Somchai, Ms. Prachuab and a handful of other victims plan to sue, experts give them little chance of winning any big settlement from Kader, thanks to the absence of a legal tradition

championing worker's rights here.
"It will be unlikely they get much more, if anything," said Surayong Tungsuwan, a labor expert for the law firm of Baker & McKenzie. The Kader factory had little in the way of fire exits and safety equipment. Also, the high death toll from the mishap owes much to a company policy of requiring security guards to lock employees inside the factory to pre-vent pilfering.

Just Thursday, Thai police arrested two of

tory worker was arrested for allegedly igniting the blaze by failing to put out his cigarette.

Should the factory workers seek compensation through the courts, they face complicated, expensive legal battles. That is because Kader is owned by investors spread across China, Hong Kong, Taiwan and Thailand. On Wednesday, a consortium of Chineselinked companies bought a 74 percent stake in Hong Kong-based Kader Investment, part

owner of the Thai factory.

Kader Investment is linked to Kader Hold-Kader Investment is linked to Kader Holdings of Hong Kong, which is controlled by Kenneth and Dennis Ting, whose toy empire is best known for Cabbage Patch Dolls. The Kader companies shared ownership of the doll factory with Taiwan investors and Thailand's Charoen Pokphand Group.

Had this tragedy occurred in the West, the outlook for the victims would be far different.

The family of a U.S. factory worker in his
30s, earning a salary of \$30,000 to \$35,000, who died on the job would stand to get about \$700,000, according to Robert Calica, a personal injury lawyer with Reisman, Pierez, Reisman & Calica in Garden City, New York. Under that formula for compensation, a victim of the Kader Industrial fire in his 30s, who was paid about \$6 a day, should be entitled to roughly \$45,000. That compares with the \$800 Kader Industrial is offering the

And so far, at least, Kader has only committed to paying a total \$250,000 in compensation to the dead and injured from the factory fire.

family of each victim.

"That's ridiculous," said Alan Shapey, a partner with Harry Lipzig & Partners, a New York personal-injury law firm. "In the United States, you're talking about hundreds of thousands, or millions of dollars, depending on the age and salary of the victim."

Making matters worse is the fact that Kader did not carry any insurance on its factory hands, most of them young working women.

China Surprises Hong Kong by Clearing TV Deal

pected blessing for a 12-year pay-television franchise to Wharf Cable caught markets by surprise Friday. Of the territory's homes by early But no one was more surprised than the cable company itself.

Under Chinese-British agreements covering Hong Kong's reversion to Chinese sovereignty in 1997, new contracts extending beyond that date require Chinese approval.

The endorsement also took the stock market by surprise. Hong said an executive from another local Kong stocks hit record highs on television company who did not Friday after Beijing endorsed the want to be further identified. "They cable deal plus two other business need at least eight hours of original contracts valid after 1997. The programming every day, seven days blue-chip Hang Seng Index rose a week, and they are drawing from a blue-chip Hang Seng Index rose a week, and they are drawing from a more than 100 points after the limited talent pool. Where can they opening as investors expressed relief about a partial solution to the
contracts issue. Profit-takers then
moved in, but the index closed with

minimal takent pool, where can may
go besides Hong Kong?"
Solving that problem could to
make or break Wharf Cable, analysts said. The company plans to a 51-point gain, at 7,169.96. In addition to the cable project,

China also approved a 15-year ex- in start-up capital on programming tension to a license for the local over the next three years, it said.

utility, Hongkong Electric Hold
"We've got a team that attended

Kong's 6 million residents in De-cember. Wharf has been gumning guage programs can be dubbed its engines waiting for Beijing to into Cantonese or English, or they follow spit.

"This came totally out of the gnage for himited circulation in hie, but obviously we're happy boot it," said Gilda Chung, pronext coordination manager at chariff Cable, "We started placing cluding Fox TV and Turner Broadblue, but obviously we're happy about it," said Gilda Chung, project coordination manager at Wharf Cable, "We started placing orders in December when the Hong Kong government said yes. Now we can push ahead even further."

feet (28,000 square meters) of office space and is in the final stages of pulling together its programming.

cable viewers with 24-hour programming on eight different chan-nels, seven of which are likely to be entirely in Cantonese.

hish has worked really well for radio will probably cost subscribers in Hong Kong, I don't see why it about 200 dollars a month.

Star TV, a subsidiary of Hutchison Whampoa, pioneered satellite tor at Bozell Ltd., an advertising television in the territory when it agency in Hong Kong. "The market launched five channels in Decem-exists here for cable, it just will need a couple of years to establish itself."

(Bloomberg, Reuters)

HONG KONG - China's unex- four television channels - two in

LONIA

Wharf Cable will be the sole cable-television supplier to the mar-ket. It will have to set up the entire infrastructure for the system, and hopes to have 500,000 homes wired 'There's a lot of air time to fill,"

invest 2 billion Hong Kong dollars (\$256 million) of its 5 billion dollars

ings Ltd., which expires at the end Cannes and we're sourcing from all of 1993, and gave the go-ahead for a landfill project.

The Hong Kong government gave the cable company the green light to provide television for Hong Kora," added Ms. Ho.

can be left in their original lan-

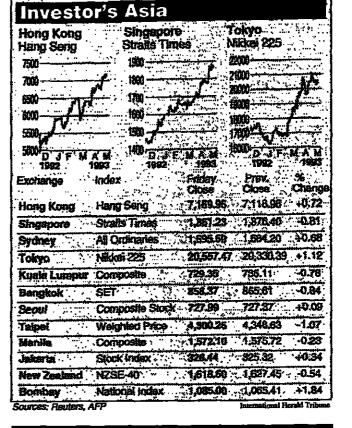
casting in the United States, TBS in Japan and Singapore's SDC, she said. Southeast Asian program-

in the territory. There will be Kore-By October, Wharf hopes to of- an shows in their original language fer a basic package to Hong Kong and others targeting Filipinos that will air in Tagalog.

By the time the network begins

have six months of programming in The mix of Cantonese and Eng- the vault, Ms. Ho said. The service

(Bloomberg, Reuters)



Very briefly:

 Shenzhen, China's special economic zone next to Hong Kong, had an inflation rate of 16.6 percent in the first four months of 1993, its highest level in four years, the daily Wen Wei Po reported.

 Hong Kong's inflation fell to 7.7 percent in the year ended in April, its lowest level since 1988, the Census and Statistics Department said. • Nippon Telegraph & Telephone said it had applied for government permission to raise its tariffs for the first time in 17 years.

Taiwan said its economy was now expected to grow 6.33 percent in 1993, down from an earlier forecast of 6.60 percent.

• Hyundai Motor Co. said it would invest 90 billion won (\$112.2 million) to make lighter and more energy-efficient cars.

• Taiwan will launch its first national unemployment insurance system Sept. 1, paying unemployed workers for six months while they search for jobs. To be eligible, an applicant must be the only person supporting a family and have received no pension or severance payment.

• Fujitsu Ltd., Japan's top computer maker, said it had licensed special software from Hewlett-Packard Co. that would allow users to design Reuters, AFP, Bloomberg, AP programs on Fujitsu computers.

ming will be a particular focus. The new Wharf system will try to Nintendo's Growth Lags Behind Sega's Wharf has secured 300,000 square tailor its programming in Hong Kong to the cultural and ethnic mix

Compiled by Our Staff From Dispatches TOKYO - The Japanese videogame giant Nintendo Co. is lagging behind the rise of Sega in the battle of the screens, figures from Nin-tendo showed on Friday.

earnings before tax rose by a mea-ger 2.8 percent from a year earlier, to 166 billion yen (\$1.4 billion), in Ton sales of 670 billion yen.

For 1993-94, Nintendo forecast im-proved earnings of 173 billion yen sales, the rising yen and higher op-erating costs. the year to March 31.

The Kyoto-based company re-

Vietnam to Admit U.S. Firms

HANOI — Several big U.S. companies — Citicorp, General Electric Co., the tobacco giant Philip Morris Cos., International Business Machines Cosp. and the law time Baker Mackeszie — will soon receive licenses to open offices in Vietnam, government officials said Friday.

Their applications are part of a growing wave of U.S. business interest

The officials also confirmed a report in the Vietnam Investment Review, a business weekly, that the U.S. engineering-equipment firm Caterpillar Inc. had been granted a license to open an office in Hanci.

Citibank, the Citicorp unit, will be the second U.S. bank authorized to open a representative office, following Bank of America. They join about 20 foreign banks represented in Hanoi or Ho Chi Minh City.

Vietnam, seeking to adapt its communist economy to market principles, has welcomed U.S. firms despite the embargo. Mr. Clinton has stuck to Washington's insistence on maximum Viet-namese cooperation in helping it close the files on more than 2,000 U.S. servicemen listed as unaccounted for from the Vietnam war as a condi-

ger 2.8 percent from a year earlier, to 166 billion yea (\$1.4 billion), in Nintendo's modest performance

ndo showed on Friday.

Nintendo reported that group worldwide sales, to 635 billion yen.

ing a pretax profit of 65.5 billion machine had boosted net sales. yen on sales of 480 billion yen.

Sega put the high-powered ma-chines on the market about two Meantime, another big Japanese olco Pictures Inc. maker of consumer electronics.

on Friday that its group pretax profit had plunged by 51.5 percent to 28.5 billion yen in the year to March. The andio-equipment maker and laser-disk specialist said

Nintendo, the world's biggest

was in contrast to that of its smaller video game manufacturer, said it rival. Sega Enterprises Ltd., which faced a "difficult operating envion Wednesday announced a 59 ronment" this year given the stagpercent surge in group earnings to
57.4 billion yen on sales of 416
billion yen, up by 68 percent.
Sega also offered a stronger outlook for the current year, forecast-

It said sales were also improved Analysts say the rate of profit by expansion into Europe, as it set increase by Sega was much higher up subsidiaries in France, England, because Sega has stronger marketing clout in 16-bit game machines in the United States and Europe.

Sees part the high-reserted machines "Mario Paint" and "Stat Fox." "Mario Paint" and "Star Fox."

At Pioneer, group net profit, years ago, one year earlier than Nin-down 62.1 percent at \$10.8 billion, tendo, according to Katsuhiko Sugi-was depressed by a taxable proviyama, analyst at Lehman Brothers. sion on investment losses in Car-

Revenue fell 3.8 percent during

Spider-Man Is Going East

TAIPEI - Marvel Entertainment Group Inc. is teaming up with a Taiwan company to launch Chinese-language comic books featuring Spider-Man, Marvel

Jon Lang, executive vice president of Marvel, said the company

also planned to expand its business to mainland China next year. Marvel Entertainment, a leading publisher of comic books, is con-

publish, sell and promote Marvel's products, including over 3,000 James Wang, president of Wang Film, attributed the partnership partly to the government's recent efforts to protect intellectual-prop-

Under the agreement, Wang

Film Production, Taiwan's largest

cartoon production company, will

erty rights. Under U.S. pressure, Taiwan has revised laws and intentrolled by MacAndrews & Forbes sified crackdown on pirated books Holdings Inc., a vehicle of the New and films.

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.A. ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near ridgingshi Sir. Tel: 3261-T 3740. Worship Service: 9:30 a.m. Surdays.

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INTERNATIONAL BAPTIST CHURCH, Pre-densische, Riemennstr. 16, Cells, SS 1245, Womin 14:00. S0 min. Drive, 20 min. By bein from Hannover. Walking distance from Celle trein station. Contact Joe Krake. DARMSTADT

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FIRST COLUMN

War Apart, EC Fails at **Easy Things**

European Community, for its lack of unity, purpose and cohesion in responding to the appalling events in Bosnia and the other semi-nation states that exist where Yugoslavia used to be is fashionable, but unfair.

But where the Community can justly be criticized is in its failure to get the easy things right. Compared to mobilizing an army, sorting out a pan-European market in such mundane matters as pensions, bank accounts, insurance and mutual funds really ought to be child's play. Unfortunately, not all children can solve even elementary puz-

Citizens of Asian nationality (and, to a lesser extent, U.S. nationals) often find themselves better served by the brave new pan-European market of 1993 than European nationals living outside their EC homeland.

Americans, for example, benefit from an extremely limited treaty of reciprocity with France concerning pension and other rights. Whereas Europeans employed in France find themselves with pension rights that are virtually useless to them outside that country. Similar stories occur in Germany, unarguably Europe's most over-protected insur-

So let's tone down the calls of shame for the inadequate, but understandable, response to the EC's Balkan problem. Where Europe is really failing is in getting the easy

Japan's Stock Market Settles Down

By Rupert Bruce

APAN'S stock market has probably made more fortunes only to burn more fingers than almost any other during the past decade. Its Nikkei 225 average rose fivefold between 1980 and its year, currently trading around the 20,300 level, the market has rallied strongly. prompting nervous investors to ask themselves: Has this dangerous bear market really ended?

The investment bank Morgan Stanley thinks so. It says the Nikkei should reach a maximum of 25,000 in the medium term. Last week it briefly breached 21,000 for the first time in more than year.

David Roche, global strategist, also says in the latest note on Japan: "The profile of the Japanese equity market has changed from that of high-risk, post-bubble bomb shelter to one where globally competitive blue chip equities abound at reasonable value. On a risk-adjusted basis, Japan is at or near par with either the U.S. or Europe."

But many Western investors are still confused by what has always confused them. At first glance, share prices seem very expensive. The Nikkei is up almost 30 percent from this year's lows and the market's prospective price-earnings ratio for 1993 - the standard measure of value—is up to more than 80, according to Morgan Stanley's research estimates. That is a lot considering that many crystal ball-gazing analysts don't

see any significant recovery in corporate
Japan until mid-1994.
Simon Fraser, a London-based director of
Fidelity Investment Services with responsibility for managing a number of Japan funds, who also forecasts a level of 28,000 for the Nikkei said: "The skeptics will argue that this move is not justified, it is just window-

that the market is probably telling us some-thing about what is going to happen to the fundamentals, but it is just so far out that we can't see it. In other words it is probably discounting a big recovery in earnings which might not occur until 1994."

According to brokers and investment managers this rally has been, and should peak in 1989, only to lose more than half its continue to be largely driven by domestic value by its nadir in August 1992. But this money being invested in the market. Japanese domestic investors are earning no more than 3.5 percent after taxes from deposit accounts and so, providing the stock market does not fall, they have little to lose and everything to gain from buying shares.

> American investors, too, may feel they have little to lose. They are reputed to have been buying heavily in the recent rally. Mr. Fraser said they have been running out of alternatives with U.S. stocks thought to be fully valued and the Asian Tiger markets

having had a strong run.

In addition, the Japanese government is reported to have directed late last year that a big chunk of public-sector investment money be used to buy the market.

Morgan Stanley believes that the key is a continuing decline in local interest rates. Alexander Kinmont, a Japan analyst, said: Things are going to be dominated very much in the short run by short-term interest

"The house view," he added, "is that we will get downward movement on interest rates. It may or may not include a formal cut in the official discount rate. The market has in the past shown itself to be pretty sensitive at times like these to a decline in short-term rates relative to dividend yields and if they go further I think we could find the market

But a glance at price-earnings ratios suggests that the market is extremely high by Western standards. The chief 1980s justifica-tion for this was there was a price to pay for dressing because of weight of money and it is not justified by fundamentals. I would argue potential stock market rewards. Today, the dynamism of corporate Japan and the

prospects are less heady, but so too are share

Mr. Fraser concedes that the market looks expensive if one looks at price-earnings ratios, but says if other less common, and perhaps more revealing, indicators are used

Interestingly, one of the reasons that American investors are buying Japanese stocks is that on a cash-flow analysis basis and on a price-to-book-value basis they are finding companies that are cheaper than similar companies in America. And it is not just the small, quirky companies, it is things like Sony, Hitachi, Toshiba, and Toyota they high an actually provide them in relation to think are actually very cheap in relation to their cash flow and also their previous peak earnings," he said.

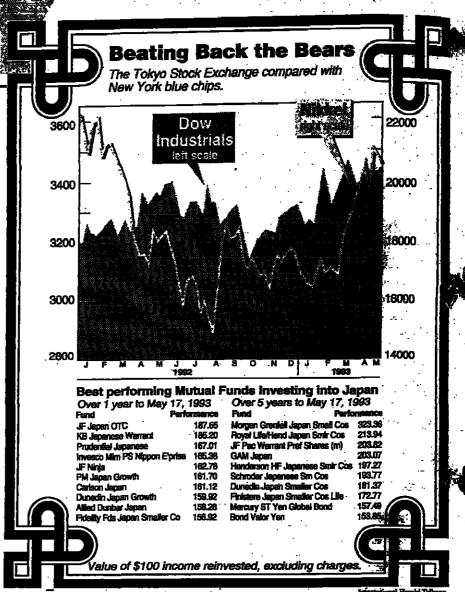
Mr. Kinmont says that the rarity of new companies coming to the market and corpo-rate modesty help to explain why Japan has always seemed expensive.

"My view is that the answer ultimately lies in the fact that Japan has been extremely poor at providing us with big new companies to invest in whereas in America there is a constant flow, with perhaps 150 new compa-

nies coming to Nasdaq every year.
"In Japan, for instance, you buy Hitachi for one division one year and the next you buy it for a different division. It is sort of two steps forward and one step back. I think that is one of the underlying reasons why the market has tended to go up.

"The other thing is of course that businesses are not necessarily managed for shareholders or profits made visible to share-

But, notwithstanding the short-term bullishness, there is a school of thought that believes in the long-term Japan will never return to the economic growth rates and market returns of the 1980s. Among the common reasons given are: An aging population, a long-term trend toward higher interest rates, and the movement of manufac-turing offshore to low labor-cost countries.



Mr. Fraser said: "I think this whole period of great volatility in Japan will be seen as a period when the growth pattern of Japan changed from a really fast growth economy to a more mature cyclical economy.

"I think within the stock market that will be rally significant because the bigger com-panies will probably have to be revalued

When Purchasing Stocks, Walt

Until Folks Are the Grumplest

BRIEFCASE

because their growth rates will be much slower. I thin that the big companies like Sony, Hitachi and Toyota will probably not do much in stock market terms within the

"But I think some of the smaller companies will do extremely well particularly in the

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Try to Negotiate Yourself

The lack of consumer confidence, recently reported at 62.6 percent, should inspire confidence in the stock market, says Ned Davis Research. During the seven occasions since 1969 in which the Conference Board's London and ask for a discount on one of its Buckmas Consumer Confidence Index has dipped below 66

The company is offering a 1 percent rebate against its front-end charges until the end of the month. The catch is that the rebate is only available to independent financial advisers. So the individual investor is at percent, the Dow Jones industrial average has risen at an annual rate of 30 percent, the Davis group notes. The annualized gains have been even greater by other measures, including a 45 percent increase in the the mercy of the adviser, who may or may not pass on Dow transportation average and a 97 percent rise in Standard & Poor's low-priced stock index. The data fit the widely held contrarian theory of market analysis, which holds that the time to buy That, at least, is the theory. In practice, although the industry as a whole loves to deny it, a determined

shares is when the public is in a miserable mood. At individual investor can often secure a discount against times like those, the reasoning goes, people are more likely to have sold their holdings in the belief that things can only get worse. After the sellers are out, the market has nowhere to go but up.

The company's six funds have a better than average.

The company's six funds have a better than average The obverse of that, of course, is that when the The Davis data seem to confirm this: During those periods when consumer confidence is above 66 per-

More information is available by calling (44 71) 247 cent, shares have risen by less than 5 percent a year. 7474.

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The Tass Index

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THE MONEY REPORT

Fancy a Financial Roller Coaster? Derivatives Trading May Be for You

HE world at large has yet to figure out investing in derivatives. It is an inyears old, yet it can still make the movements of an underlying secuof the most defensively oriented products across the range of investment services, yet it has a reputation for volatility and speculation. modity or instrument at a certain The underlying concepts are simpic, yet in combination they can

achieve bewildering complexity. A few things, however, can be stated with certainty. Derivatives are being packaged more efficiently and marketed to a wider public than ever before. That expansion presents the individual investor with a number of important ques-tions. First, what exactly are deris? Second, how can the firms which market their derivatives funds make such extravagant claims for them? Third, what are the risks as price does move up sharply, the Let's s

what does investment really cost? More commonly, the right is sold That's the reason why, when you control risk adds significantly to particularly reckless manager The first question is easy to answer, at least superficially. Derivatives is the generic term for such financial instruments as options, dustry more than 100 fluctuates according to the price rity or commodity.

An option confers the right to buy (call option) or the right to sell price. That right holds good for a given length of time, at the end of which the holder of the option can just let his contract expire. If, for of a market or commodity at a example, a stock has failed to move sharply upward over a three-month option period, the owner of the bny. Why should he when he can group, has an instant answer to the purchase at least as cheaply in the market? So the holder loses just the ally a fraction of the underlying amount of money you can take a asset price. If, however, the share price does move up sharply, the Let's say you spend \$100,000 on an

profit. Apart from the time over which an option is exercisable, and the underlying price of the asset, another factor that affects the price of options contracts is the volatility of the market. Basically, the more volatile and risky the market in the underlying security is, the greater

the chance of an option being used. Options contracts are consequently more expensive in volatile shares. Warrants work in broadly the same way as options, and futures contracts reflect the expected price

given point in the future. Keith Hazley, chief currency trader at Gaiacorp, an internationoption will not exercise his right to al derivatives fund management question about the returns claimed price of the contract, which is usu- to do with leverage. For a small

back into the options market at a get it right, the profits can be enor-their performance returns.

Mr. Hazley adds that some managers buy "out-of-the-money" options. Generally speaking, these are contracts with a low purchase price, since what is acquired is the right to buy or sell at a price far removed from actual market values. If the market then swings in a favorable direction, the profits, as Mr. Hazley puts it, "can be expo-

Mickey St. Aldwyn, senior manager of international derivatives for E.D. & F. Man in London, argues that a major plus point for the funds is their diversification: "You can make money out of a rise in the oil price, and out of a falling stock market at the same time - if you both moves.

But the old rule that there can be no profit without risk holds good in derivatives investment. Didier Varlet, the president of Chicago-based Carr Asset Management, a derivatives management subsidiary of the French Banque Indosuez, has developed a system of checks and controls to monitor and limit risk in the nine funds managed by his

"So far." he says, "the system works. When we make a profit we do so in a short period of time. Similarly when we lose money, it's over a short time period. Sometimes we make intra-day calculations to check the position when the markets are really volatile. It's imperative that we know the position exactly and are ready to act at all times.'

Mr. Hazley agrees that "most funds simply contain their losses and trade sideways until the big moves come. That's when they make their

What attracts many investors to

the derivatives scene is the limited nature of the risk. Mr. St. Aldwyn

Others argue that it all depends on the type of fund in which you pire and become worthless. In that invest. "How risky is a derivatives case, investors would be completely fund investment? How long is a piece of string?" asks Nicola Meaden, of the London-based investment information and monitoring firm Tass Management Ltd. You've got high-, medium- and low-risk funds and good and bad managers. Compared to, say, a fund invested in Japanese smaller companies' stocks, most deriva-

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might invest all the money in a fund in one option that might exwiped out, but they would also probably be able to sue on grounds

of professional negligence. Investors who decide to commit money to derivatives funds should be aware of the relatively high entry levels required and of the somewhat unusual (not to say expensive) charging structures that can be found. Another factor to bear in mind is the role that derivatives investing should play as part of a balanced portfolio of investments.

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Analysts' Estimates of United States Company Results

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Gaiacorp is among the firms with the lowest level of entry. "Investors should expect to invest at least \$25,000. And that should be no more than 10 percent of a broad portfolio of shares and bonds," said Keith Hazley.
Those interested in Carr Asset

Management funds will find themselves asked to provide a check for \$100,000. That kind of commitment is more typical of the industry DOTES.

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And the fee structure is some thing else to watch for, according to Nicola Meaden: "Some of them can be seriously rapacious. There

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114.25

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Against that, there are others where a 3 to 5 percent gain will be sufficient for the investor to break

Most funds charge the bulk of their fee for performance, once a certain level of gain has been achieved. On top of that, investors should expect to pay brokerage commission and an annual man-

agement charge. Some investors take the view that derivatives funds are expensive. Others argue those charges are inevitable, just the price you must

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A Look at Buyers' Psychology Bulls and Bears Get Rich; the Goofy Don't

By Kate Bales

ALL it market psychology, call it inbred idiosyncrasy, but it seems that many investors don't always recognize when they win and

Consider the following: You purchased a stock at \$10. Over the months you watch it rise to \$12, then \$14, then \$18, then \$20. As the months go on, the stock drops down to \$18, then \$17 and then \$15. Have you lost money?

While many people would now feel anxious over the money that they "forfeited", the investor has, if fact, made a 50 percent profit over his initial cash outlay.

Robert J. Shiller, a professor of Economics at the Cowles Foundation for Research in Economics at Yale University, has conducted extensive research into investor be-havior: "People tend to single out individual stocks or investments rather than looking at the overall success of a portfolio," he says.
Studies conducted by Mr. Shiller

point to behavior patterns where many investors become so emotionally attached to a particular stock, because it once did well, that they will refuse to sell at a profit, even if the stock is continually dropping in value.

One of Mr. Schiller studies explored the behavior behind investors during the October 1897 stock market crash. He discovered that many investors said they felt that they could predict the outcome of the market, and blamed the crash on the psychology of other investors. It was also common for individuals investing at the time of the ture profits on "gut instincts." Raidentified the time had come to sell
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of relatively little importance.

Those who doubt that sometimes pure investor sentiments move pure investor sentiments move markets should read John Kenneth Galbraith's book, "A Short History of Financial Euphoria." Professor Galbraith outlines some of the past centuries, and warns his readpast centuries and t

which examined the motivation behind investor decisions, similar ground is covered. In each case, the bler and the trend follower clearly story is one of investors' folly as they not only refused to sell, but plowed money into already over-priced assets. Most of the scenarios are well known: The 17th century Dutch tolipomania, the 18th centu-

Joe Kennedy figured a crash was coming when a shoe-shine boy gave him a stock tip.

ry South Sea Islands, John Law's Mississippi schemes, the 1920s U.S. stock market boom and Florida land price bubbles.

The modern cautionary tales are somewhat less sensational -- the 1950s saw the bull market, the 1960s the Canadian stock market boom, and the 1980s the high-tech

Lovers of pure market theory, of course, would argue that if you can find a buyer for your high-tech stock, or your tulip, that asset is not over-valued. The market is all the ultimate and sole arbiter of price. Cynics refer to this line of thought as the "Bigger Fool The-ory," In other words, the price will keep nising until no one can be found to buy. So the biggest fool, who bought at the highest price, is

left to take the loss. The patriarch of the Kennedy clan, Joseph Kennedy, correctly using that theory. He turned the guy in a bar.

the markets rise. The only problem those of an obsessive gambler. Mr. those of an obsessive gambler of the central part of the markets rise. The only problem here, as ever, is knowing when to sell.

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• The only problem here, as ever, is knowing when to sell. in a separate study by Mr. and the risk that is an integral part ry about paying the tax later.

Shiller, entitled "Fashions, Fads, of it provides for a cognitive-emo-and Bubbles in Financial Markets" of it provides for a cognitive-emo-tional-muscular arousal of the indi-

Be that as it may, both the gamneed a lot of luck to come out on

So far the story for the individual

investor is depressing: It is true that individuals do tend to follow trends and buy at the top (the number of individual investors in the market is a leading sell indicator for some financial analysis). Add that to those studies indicating a reluctance to sell if a high-performance asset comes off its peak price, and the picture becomes even gloomier. Yet there are ways of investing prodently that individuals can adopt - even if they are struggling against their own psy-chological makeup. Here is a list of simple do's and

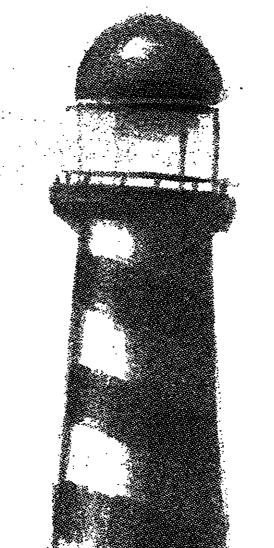
don'ts for the troubled investor. Know what you want. Simply saying "profit" is not good enough.
 Set yourself a realistically ambitious target - 50 percent for a share or fund over two to three years, say — and be brave enough to sell when that target is reached. Even if you think the stock or fund has a way to go.

"I know a lot of people who got rich selling too soon, as the original Baron Rothschild is supposed to have said," commented Tony Fraher, managing director of Sing-er & Friedlander Investment Funds, a London-based mutual

• Do your research. Develop your own criteria for evaluating investments, and only buy if you feel a security meets them. Here you have to strike a balance between keeping an open mind to good, but unorthodox, arguments, and swallowing some specious line from a

• If you're really worned about

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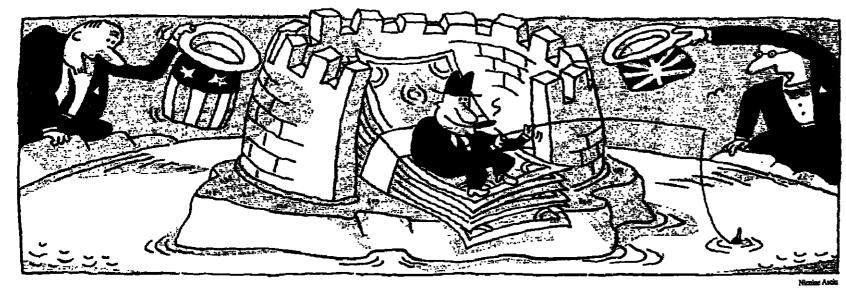
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THE MONEY REPORT



Tax Havens Haggle Over Depositor Protection

TS hard to imagine something that seems as innocuous as a bank deposit protection plan setting off a feud among regulators, a group not seen as especially hot-tempered. But some harsh words have been exchanged between officials on the Isle of Man, which offers such pro-

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tection, and their arch-rivals in the Channel Islands, which do not. The Manx plan returns 75 percent of a depositor's money, should it be lost due to fraud, with maximum coverage of £15,000 (\$23,000). That's equivalent to Britain's program and a little less than the minimum ceiling of 20,000

European currency units that has been proposed in the European Community's draft Directive on Deposit Guarantees (£15,000 is about \$23,000 and 19,000 Ecus). Michael Weldon, secretary of the plan for the Manx Financial Super-

vision Commission, said it was something of a misnomer to call it a depositor protection scheme beise it does not mandate a complete reimbursement

Our scheme is not really depositor protection but depositor com-pensation," he said. "It's designed to protect widows and orphans primarily." Compensation is not com-plete, he said, because authorities feel "every depositor should carry some of the credit risk and be conscious that it's his responsibility for placing money with a particular bank."

Officials on the Channel Island of Guernsey don't think much of deposit protection regimes. For one thing, they point out, widows and orphans are not the clientele that they - or the Isle of Man, for that matter - cater to.

"We're after the high-net-worth investor for whom 15,000 Ecus is not a lot of protection for a \$500,000 account," said John Roper, director general of the Financial Services Commission on Guernsey. "We've got better things to do."

In a not-too-oblique reference to the Manx plan, he added: "Look what happens when someone gets the bright idea to have one." And what happens, he contended, is that it costs money and keeps

banks from opening subsidiaries. But doesn't it foster confidence in a financial center? Not at all, Mr. Roper remarked. "It fosters over-

Regulators in competing centers love to point out that the Isle of Man had the misfortune of being Why Manx Bankers Are Smiling isle of Man bank deposits, all cumencies, expressed in billions of pounds.

home to a branch of the fraud-ridden Bank of Credit & Com-International, which collapsed very publicly a couple of

bankers on the island are still pay-ing for BCCI. By the time all the claims have been paid out, deposi-tors are expected to have received more than £20 million.

About three-fifths of the money has been returned to them so far. The rest will be reimbursed when the banks pay their third install-ment into a fund for this purpose. Unlike the British practice, the Isle of Man does not have a standing fund. Banks are called upon to pay

When a bank defaults, Mr. Weldon said, banks on the island are called upon to pay one-eighth of a percent of their deposit base per year until enough money has been put into the kitty to pay off depositors. There is a minimum contribution of £25,000 per bank, per year, and a maximum of £250,000.

So far the BCCI failure is the

only time the program, which was set up in early 1991, has been put into action. The island's only other

running the plan, with contribu-tions made only when a bank goes down, is a cheaper way to go about

They disagree with Mr. Roper's of top marginal tax rates by Britcontention that depositor protection is already too expensive for the
banks. In fact, there is very little in
the banks in fact, there is very little in
the banks in the U.K. were highwhat Mr. Roper said that authorities on the Isle of Man would agree

"If it's a gimmick, one wonders why there's an EC directive on depositor protection," comments Hilton McCann, the Isle of Man's chief banking regulator.

"One wonders why the Channel Islands, which don't have a scheme, are considering it," he added. "It's not a gimmick. It's a serious businesses." he explained. "What they wanted were economically active people to start businesses." The island of Jersey, for one, has

been contemplating a plan of its

This matter is very much on the table, and we're looking to see what developments happen in the EC, a few years. Wage costs rose, too, as said Richard Syvret, director of the economy came close to achiev-Jersey's Financial Services Departing full employment. ment. "We keep abreast of what local legislation if it's suitable. We have no obliga-tion to do so, but do it only if it's good from the point of view of our depositors."

bank failure was Savings & Investment Bank in 1982. Even though there was no depositor protection plan in force then, the Manx gov-ernment decided to pay depositors who lost money in that failure, Mr. Manx officials say their way of

To try to make it a factor once again, "there was a drive to target people who were taking early re-

Economically active" means rich, and when those who took the island up on its invitation came over and started throwing their money around, they sent local prices way up, which tripled in just a few years. Wage costs rose, too, as

Mr. Gates said.

Becoming a Manx resident re-

It's Helpful if You Want to Die There

By Conrad de Aenlle

VISITOR to the Isle of Man struck up a conversation with a Scotsman who was very well-todo, judging by his car and his clothes. The visitor explained that he had come to research the island's financial service industry for a series of articles, and the Scots-man replied: "It's a bit like that for me, too. I'm here for the money."

Offshore havens like the Isle of Man thrive on well-heeled foreigners who keep their money there. Some on the island, like the transplanted Scotsman, have gone one step further: They keep themselves

Roughly half of Man's 70,000 residents are foreigners, many of them working in the financial-services business. It's hard to know how many of the rest have settled on the island to safeguard their wealth.

The potential benefits of moving one's life to a rock in the Irish Sea are several, and all of them turn on the island's lenient tax regime, officials and financial professionals on the island say. All investment income is free of tax, and tax rates on earned income are considerably lower than in the rest of Europe and in the United States. There are no estate taxes, either, so death is far more cost-effective than in othiurisdictions.

Many who come are business men who convert the domicile of their companies to the Isle of Man, either to operate them and be taxed at lower rates or else "to make sure that when they sell their businesses, they won't be taxed on it," said Paul Dougherty, an executive for the legal firm Simcocks. The absence of capital-gains tax lets them

do that, he said. For several years during the mid-1980s, the Manx government courted foreign settlers. It saw a need to lure them over after a waning of interest owing to the cutting

er," said Michael Gates, who is director of the island's commercial development division. "Then Margaret Thatcher took an ax to much

successful that it led the government to shut it off around 1988,"

mains fairly easy for those of inde-Conrad de Aenlle pendent means. Although islanders

THE EUROPEAN OFFSHORE PARADISE

The Manx Tax Man Speaks

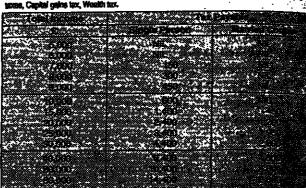
RATES OF INCOME TAX:

A Primer for Manx Residents

Standard Rate: 15% This rate is charged on the taxable income of individuals up to a first of; Single Person: the First £3,000. Married Person; the First £16,000.

ALLOWANCES TO RESIDENT INDIVIDUALS Single Person: \$8,000. Married Couple (combined allowance): one perent benefit): \$ 4,100. Blind Person: \$1,800. Life Assura

Notes: 1. The above rates are based on a full year's residence and will be apportioned with individual is resident for only part of an income tox year. 2. The combined allowance of the for a married couple is made up of 28,000 each to a husband and wife with any unaffield by being transferred to the other parin addition to the personal allowances.



are fond of saying they are not part who establish foreign sesident of the United Kingdom, the Isle of Man is part of the European ComUnited States can exclude upmmity. That makes EC nationals eligible for residency automatically. Others are free to come as long as they do not want to enter the labor market. Those who need to work must apply for a permit to do so. Whether one is granted depends on the availability of land. on the availability of locals do the

Evidence of the ease of relocat-ing can be found in a guide pub-lished by the government that advises new arrivals to pop around to the health service as soon as possible to enroll. Manx residents do not seem to encounter the problems associated with the public-health services in Europe or with private health care in the United States.

Once in Man, the extensive financial infrastructure can be de-pended upon to assist legally and physically in completing the move. The service we provide is very

local," Mr. Dougherty said of firms on the island. "We can assist in purchasing property, incorpora-

While Manx authorities warmly welcome foreigners, especially those who bring a lot of money with them, officials in the countries they leave behind, especially tax collectors, may not be as glad to see them go. For that reason, tax and legal advisers on the island say, prospective Manx residents should take care to structure their affairs -and their travel plans - in a way that comes closest to immunizing

them from governmental scrutiny in their original country. American law is among the strictest in this regard. U.S. citizens \$70,000 of their earned incom from U.S. taxes, but their interes dividends and capital gains are sti fully taxable.

for the Internal Revenue Service Things like investment income are subject to taxation, but you might be allowed some deductions against that." These include the various annual deductions that take payers are allowed, but they add up only to about \$7,500 plus another \$2,000 or so each for spouse and children.

Revenue authorities elsewhere tend to be more lenient. Once a citizen has moved on, they usually give up sending tax bills. The key is to convince them that the former

resident has truly left.
Former U.K. nationals, for instance, are advised to said Britain no more than three months in any year and six months during any

four-year period, and to sever as many financial ties as possible. "Sell your assets in the U.K., make a clean break." Mr. Gates advised. "Anything that gives rise to the Inland Revenue questioning

it should be avoided."

Mr. Dougherty said it was not enough for a business owner to set up a Manx-registered company without changing his personal resi-

taxed on profits from the business.
"He's going to get hammered because he's still the beneficial owner of that Manx company," he commented. "He's going to have to pack his bags and leave."

Once he does that, Mr. Dough ty said, he should set about rewriting his will. "The whole matter of domicile is crucial," he said. "You should say you want to be buried

Authorities back home are more likely to be convinced that a onetime resident has left for good if he shows evidence not only of plans to live on Man, but to die there, too.



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SPORTS BAS

A's Strike Hard As Royals Squander Cone's 135 Pitches

It happened last year to Nolan Ryan and Jim Abbott. It is happening this year to David Cone.
"It" is lack of run support, a

team taking a collective day off at the plate when a certain pitcher is on the mound. And "it" is ruining

On Thursday night, Cone left after seven innings with a 1-0 lead. The Royals bullpen promptly blew

AL ROUNDUP

the lead and Kansas City went on

to lose, 4-1, in 12 innings to the visiting Oakland Athletics The Royals have scored only 19

runs in Cone's nine starts, and the anemic support has left him with a 1-5 record despite his 3.02 ERA. "Cone pitched his tail off," said the Royals' manager, Hal McRae.

scoring situations." Cone's bewilderment should sound familiar to Ryan and Ab-

"We didn't score enough runs. We

didn't take advantage of several

Ryan could not explain it last year when the Texas Rangers scored one or no runs in nine of his 27 starts. Abbott could not explain it either when the California Angels averaged only two and a half runs in his starts, leaving him 7-15 de-spite having the fifth-lowest earned run average in the league.

"I know if he keeps pitching well, things will change," McRae said of Cone. "He is doing all he can do. He has to go out there and do his job and he is."

Cone was pulled by McRae be-cause he had thrown 135 pitches. Bill Sampen came in and gave up a walk to Troy Neel and a single to Terry Steinbach, and Scott Hepinch-running, scored on Kevin Seitzer's high bouncer. Oakland got three runs in the

12th off Mark Gubicza, two scoring on Dale Sveum's triple and the last coming in on Seitzer's single. Tigers 6. Brewers 2: Detroit ral-

lied for six runs in the eighth inning in Milwaukee to increase its AL Jim Fregosi uses him.

East lead over idle New York to 24

Blue Jays 4, Red Sox 3: In Boston, the Blue Jays scored the winning run in the ninth off Paul Quantrill on two bunts, a single and a forceout. Joe Carter collected two more

RBIs and moved into third place among AL hitters, with 37. Paul Molitor went 3-for-5 and raised his average to .331. Mariners 7, Rangers 4: In Ar-

lington, Texas, the Mariners appeared to have wrapped up the game with a six-run eighth-inning rally that put them ahead 7-2.

The Rangers rallied in the ninth, though, and Gary Redus missed a

game-winning pinch-hit grand slam by 10 feet (3 meters) when his long drive hooked foul. He struck out on a check swing four pitches

Indians 3, Orioles 1: In Balti-more, Dennis Cook and two relievers combined on a three-hitter and Albert Belle had three hits.

Jamie Moyer, making his first major league appearance since May 21, 1991, gave up two runs



Remember Pete Incaviglia, the guy who hit those long home runs? Well, he is doing just fine in his part-time job with the Philadelphia

"Everyone on this club knows his role," Incaviglia said Thursday

NL ROUNDUP

night after his first-inning grand slam led the Phillies over the visiting Montreal Expos. 9-3.

Incaviglia, who has five home runs this season, drove in five runs as the NL East-leading Phillies increased their lead over the secondplace Expos to 6½ games. He has the ninth-most at-bats on the team. but does not mind the way manager

major-league-leading eighth.
"After the fourth, I was getting ahead of the hitters." Schilling said. "I was throwing strikes and making them hit the ball." Montreal closed to 4-3 in the fourth on Frank Bolick's three-run homer, his third home run this season. But Kent Bottenfield walked Sanders Reported to Accept Darren Daulton with the bases

caviglia followed with an RBI single for a 6-3 lead. The Expos' manager, Felipe Alou thought the primary difficul-ty was Nabholz's control.

loaded in the bottom half, and In-

guess tonight was my turn."

Curt Schilling scattered seven

hits, struck out five, walked two and retired the final 15 Expos in

order. It was his third complete

game this season and the Phillies'

"Nabholz created his own problems with those walks," Alou said.
"His stuff has been O.K., but his command is lacking. You can't do

Giants 6. Reds 1: In San Francisco, Kirt Manwaring matched a career-best with three hits and had two RBIs as the Giants won their sixth straight and sent Cincinnati

to its fourth consecutive loss. Trevor Wilson limited the Reds to two hits in five innings and left with a 5-1 lead. Tom Browning allowed six runs and 11 hits, a season high for him, in 5% innings.

Padres 5, Rockies 4: Fred

"I just stay prepared for when McGriff hit a two-run homer in the decision, and Geronimo Pena, bat-Jimmy calls on me," Incaviglia 11th inning after Colorado, which ting .149 left-handed, hit a threelost for the 14th time in 16 games," run double in St. Louis. Incaviglia's fifth career grand had gone ahead in the top of the

slam came off Chris Nabholz, who left after just 1½ innings. Nabholz walked two and hit a batter before Gary Sheffield opened the bot-Incaviglia's second home run in two nights.
"He hung one of those cutters, and I got it," Incaviglia said. "I

Visiting Colorado had taken a 4-I lead in the top of the imming when to give anybody a free pass when Dante Bichette hit a two-out homer it's not appropriate." Tewksbury off Gene Harris.

Tewksbury, baseball's best con-

trol pitcher, struck out three and walked none in seven innings. He tom of the 11th with a single off has walked only two batters in 55% Darren Holmes and McGriff fol-lowed with his eighth homer this pitch the ninth for his 12th save. "If I have to walk somebody. I'll

walk them, but I'm not going to try off Gene Harris.

Said. They know I'm going to be Cardinals 6, Cubs 3: Bob Tewks-around the plate and I don't get

the sixth, when Dwight Smith hit his fifth home run. Steve Buechele hit a two-run drive in the seventh. ending a 5-for-40 slump, his fourth home run this season, but Tewksbury retired Smith with runners on second and third for the final out in

"As far as I'm concerned, that was the baligame," Tewksbury

Jose Guzman gave up five runs and eight hits in 4% innings.

In 330 Minutes, a First for Arsenal

LONDON - The defender Andy Linighan, playing with a broken nose and finger after an aerial clash in the 18th minute, scored a dramatic winner one minute from the end of extra time to give Arsenal a 2-1 victory over Sheffield Wednes-day in the English Football Association Cup final

gland's national goalkeeper, Chris Woods, when the match looked as if it would be decided by a penalty shootout for the first time ever. The victory in the third finale at Wembley th

season against Wednesday --- after 330 minutes of soccer — gave Arsenal an unprecedented domestic cup double after its 2-1 League Cup triumph over Wednesday last month.

"All credit to Sheffield Wednesday," said Lin-

to score the goal." The striker Ian Wright put Arsenal ahead in the 34th minute. Running on to a superbly placed pass

The finale to the English season almost went to exhausted by an overloaded calendar.

shootout last season after five replays since 1981 to have the final itself settled with a shootout, dispensing with a second game.

Sheffield Wednesday's Swedish right back, Ro-

land Nilsson, had to play two matches in 24 hours after playing for his national squad in a World Cup ualifier in Stockholm on Wednesday night.

Poland and Norway, will not have his full squad together until two days later than planned. Eight of his internationals were involved at Wembley.

French Open Misses Monaco P mera-Bear

Ex-Revolutionary and Bureaucrat, Chatrier Now Leaves Tennis Behind

By Christopher Clarey International Herald Tribune

PARIS — They conducted the French Open draw at Roland Garros Stadium on Friday, and the usual crush of officials, journalists and glitterati turned out to watch the reigning Olympic 400-meter champion, Marie-José Pérec, pull players' names out of a silver bowl.

But someone was missing, someone who had a lot to do with the scribbling pens, myriad cameras and general air of self-importance that enveloped the proceedings. Philippe Chatrier was born in

1928, the same year that this stadium was hastily constructed, and throughout the meandering course of his distinguished career in ten-nis, his passion for "Roland Gar-ros" has remained a constant.

This place has been my life and my love," said Chatrier, who in February, declined to stand for reelection as president of the French Tennis Federation.

He first laid eyes on the stadium grounds when, at age 13, he was selected to play with his idol, René Lacoste, in a doubles exhibition. He went on to win the French junior title and play in the French Championships six times as an amateur

But he never advanced past the third round in his favorite tournament. He would have to wait to make his mark as an administrator. The opportunity came in 1968, the year of open revolt in the streets of Paris, and, at last, open termis in Grand Slam stadiums.

Chatrier had repeatedly used his position as owner and editor of the magazine Tennis de France to assail the French federation's insular. retrograde policies. In December 1968, he helped force a changing of the guard. Marcel Bernard, who won at Roland Garros in 1946, was elected president. Chatrier was named vice president and captain of the Davis Cup team.

Four years later, he succeeded Bernard as president, and, in 1977, he eagerly accepted a second title, becoming president of the International Tennis Federation. For the next 15 years, Chatrier was the game's most powerful bureaucrat. At the ITF, he oversaw the sport's global expansion, waged war against Lamar Hunt's competing WCT tour and successfully lobbied his friend Juan Antonio Samaranch for the reinstatement of

tennis as an Olympic sport. In France, Chatrier created a regional and national structure for tennis and presided over its popu-larization. From 1972 to 1992, the number of registered players soared from 225,000 to 1.3 million and the number of courts from 6,700 to 35,000.

"Tennis used to be a sport for the upper class in France and all over the world, and that has changed irrevocably," Chatrier said. "I am

very proud of that." Chatrier is also proud of revitalizing the French Open, which in the first French Open draw. early 1970s was competing with World Team Tennis in the United States and had fallen out of favor cessor," said Chatrier, "He is

keting which included a deal for nonstop French television coverage, and a series of stadium expansions. The tournament also benefited

from the demise of team tennis and the emergence of Bjorn Borg, a clay specialist who also won on Wimbledon's grass five straight times and became a superstar.

Chatrier is not particularly san-

guine about the present and future of the sport to which he has devoted ed his life. He sees too much power in the men's game and not enough commitment to Davis Cup play from the top players. But it's the money that worries

me the most," he said. "The sheer weight of it is changing the game. Before there was a sense that tradi-

'It's the money that worries me the most. The sheer weight of it is changing the game. Philippe Chatrier

tion was important and of sport for sport's sake, but now it is just a sieve letting more and more money

for the titles," he added, "but the players of second rank are playing for dollars.

Chatrier is not entirely blameless. As ITF president, he gave the green light to the Grand Slam Cup, the controversial year-end tournament that was launched in 1990 with a record \$6 million in prize money.

Chatrier maintains that he backed the plan because the tournament would contribute \$2 million annually to tennis development in poorer nations and because the players had decided to break with the ITF and

form their own ATP tour. 'I accepted the idea dragging my feet because I thought there was a spirit of solidarity forming among the Grand Slams, but I guess I was a bit fooled," he said. "We were together more out of necessity than desire, and the way things are going, the money in Munich will be quite ordinary in three or four years. Imagine dealing with that."
Chatrier no longer is required to

do so before the December evening in 1991 when France reclaimed th Davis Cup after 59 years and fulfilled his lifelong dream, he had begun losing his drive. With the cup finally in hand, the process accelerated and his private life took on greater importance. Last year, resumed drinking wine after a decade-long hians.

He also purchased a vacation home in Brittany, where he spent Friday afternoon as his successor, Christian Bimes, 46, supervised his

"I am not the kind of person to watch over the shoulder of my sucloving clay-court specialists. He achieved his aims with clever mar-

Full-Season Braves Pact ATLANTA - Deion Sanders, a two-sport star, and the Atlanta

Braves have apparently agreed on a multiyear contract that would keep him with the Braves until the end of each season.

The Braves' general manager, John Schuerholz, said Thursday that Sanders and the Braves had reached an "understanding" on a contract. Earlier this year, Sanders rejected an \$11 million, threeyear offer, seeking about \$1 million more over three years plus an option for 1996.

Sanders, who was placed on the disqualified list after failing to return to the Braves on April 29, a day after his father's funeral, is expected to return on Friday. He was reinstated Tuesday and joined minor-league workouts Wednesday at Atlanta's spring training camp in West Palm Beach, Florida. Sanders, who has not been paid while on the disqualified list, had

his contract renewed by the Braves in March for \$1 million, but is not required to stay with the team past July 31 because of his commitment with the Atlanta Falcons of the National Football League, for whom he plays cornerback.

Chris Waddle, finding greater space on the left in the second half, hauled Wednesday back into

Linighan, injured when elbowed in the face by Mark Bright in an aerial challenge, headed home a Paul Merson corner from close in to beat En-

ighan. "We had to work really hard. I'm just happy

from a fellow striker. Alan Smith, he left three Wednesday defenders stranded to go through and beat Woods.

the game with a fine equalizer in the 68th minute. His shot from the left after a right wing cross by John Harkes took a slight deflection from Lee Dixon and edged past the desperate dive of the goalkeeper, David Seaman. With a crowd of 62,000, there were 17,000 less at

Wembley than for Saturday's final, which ended in a 1-1 draw after extra time.

penalties after a war of attrition between two sides There is a strong case for the Football Associa-

England's manager, Graham Taylor, preparing his team for two vital World Cup qualifiers against

CALVIN AND HOBBES

















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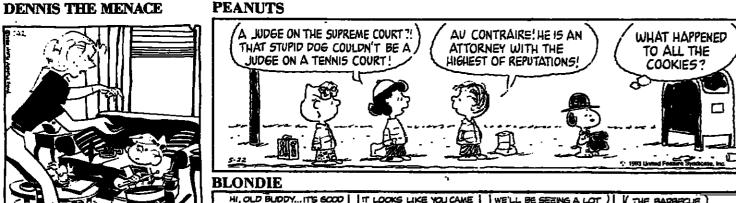
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Man Gain World Terrani

SPORTS BASKETBA

At Monaco Prix, The Animals Are Camera-Bearing Commerciant Result Tribute

ONTE CARLO — If you happened to live an awfully wretched life, and you came back to this planet as a camera, there is a good chance that you would be spending this weekend here. There have been thousands of lives wasted wretchedly, and each one is here, dangling around somebody's neck, blinking pictures of absolutely nothing. By the way, I intend to prove my theory on camera reincarnation at the

But first, this: The 51st Monaco Grand Prix will be run here Sunday along the barriered, winding and bumpy-hilled streets of Monte Carlo, which, to make things worse, collect

oil the year round, leaving them slick
less well. For the drivers it is like managing a school bus full of screaming kids along a ravine without any brakes. There are 25 drivers experiencing this, and it is an exceptional sight. However, it didn't happen Friday.

Nothing happened Friday. Most of the 30,000 people who live here permanently had already left for the weekend, and perhaps twice as many had come in their place, and at least half of them had cameras. The residents tend to leave whenever their lush concrete habitat begins sounding like the inside of a rhinoceros's stomach, which is this weekend. As for their weekend replacements: When a man carries a camera into a place where he doesn't usually go, he becomes a completely different

He stares at everything intently, and he doesn't want you talking to him. If you try, he replies, "Uh huh." Of course, he is not really listening. He is trying to envision a series of still life scenes that, when placed in a vinyl photo album, will not bore visitors to the point that they will never want to visit his home again. He's got that camera at shoulder level, he's got that dull, blurred look, as if behind his eyes his brain is one long undeveloped roll of celluloid.

There is a question.

QUESTION: You are saying that a fan of the Monaco Grand Prix takes on the characteristics of the camera, i.e., that he becomes, in essence, the camera.

ANSWER: That exactly is my point. QUESTION: Well you made that point two paragraphs ago. Will you bloody well get on with it?

So, what he does then, he snaps a picture of a man sitting on a tire. "It gets a little embarrassing," the man, Paul Hamilton, a mechanic for Cosworth engineering, said while sitting on the tire. "Sometimes, when you're trying to do your job, you're hard at it — and the flashes are going off in your face. In this case, it's probably making it look like we don't do

T WAS HIS lunch break. He was sitting on the tire in the area where his team was waiting to resume preparation of its cars for Sunday's race. Each of the 15 Formula One teams works underneath a series of tents surrounded by buses, trucks and motor homes parked along the quai. On the other side of the quai, there are lavish yachts floating in the beautiful harbor, which is surrounded by grainy, gorgeous hills upon which buildings tower over each other begging to be photographed. By the water on Friday, a leggy model was posing for a photographed. By the extering on black high heels in a tiny white dress so tight that another woman repeatedly had to pull it down hard, like a troublesome window-shade. Probably it was an exercisely sight for Moneysemes, but they have shade. Probably it was an everyday sight for Monegasques, but they have

You would think their replacements would be there willing the model to teeter into the water. Instead, the pictures are being taken over where Paul Hamilton is sitting on a tire.

"They take pictures of us during work, even when we're going to hunch," said George Jeanes, a mechanic for McLaren. "You just have to be wearing the uniform and they'll take your picture. The Japanese especially, they're fanatical about Formula One. I was out shopping during a break for some things, and Japanese were coming up and posing

with me for pactures.

It is all part of the marketing genius of Romania One racing. The cars are shaped like nockets. The smechanics wear uniforms. In Jeaner's case, it is red pants, a white shirt with red trim along the shoulders, and advertising patched up and down the from of his shirt. Feaces are put up around the

patched up and down the front of his shirt. Feaces are put up around the temporary garages. On Friday, people stood, two and three deep, around them. Most were saying. "Uh hait." Why? Because they had cameras.

And what were they photographing? Or worse, videotaping? Somebody draining something or unscrewing it or plugging it into something else. Your local mechanic will probably allow you to photograph him replacing your carburator. But you won't do it. Why? Because it isn't Alain Proof's carburator, way mechanic descript many the uniform way are Alain Prost's carburetor, your mechanic doesn't wear the uniform you see on TV, and he doesn't make you stand behind a barrier. It's the same strategy that draws you to the Hard Rock Cafe. People are lining up outside to get inside — even when the restaurant isn't full inside.
??! took five spools of film at the race last year," said Roberto Pacitti of

Glasgow, who has returned this year with two friends, and who had just finished taking a picture of Jeanes glamorously unloading wheel runs from the back of a truck. "I'm trying to capture the feel, the essence of the Trace, so I'll have them as memories. Thirty-six pictures per spool, I have them in two albums at home. People are tolerant when they look at them, I'd say. I don't really show them much anymore.

The point is, ultimately, when you die, if you've been good, you get to come back and sit on the tire. If you were bad, you take the picture. That, essentially, is reincarnation. QUESTION: What if somebody is reincarnated to write about it? How

I will ask the editor to please strike that question from the column.

QUESTION: I am the editor. A check of my watch - my, but we're out of space. Thank you all for

SIDELINES

Germans Gain World Tennis Final

DUSSELDORF (AP) — Michael Stich humbled Stefan Edberg, 6-2, 6-0, on Friday to propel Germany past Sweden and into Sunday's finals of the World Team Cup.

With the 2-1 victory over the previously unbeaten Swedes, Germany claimed the red group championship and reached the title round for the first time since winning the 1989 crown. Germany wrapped up the victory after Carl-Uwe Steeb beat Magnus Larsson in the second singles, 6-3, 6-4. Stich and Patrick Kuehnen then lost the consolation doubles to Edberg and Magnus Lars.

and mennik Holin, 7-6, 6-1.

On Sanday, the Germans will face the blue group winner, which will be decided by Saturday's clash between the top-seeded U.S. team and Spain, the defending champions. The Czech Republic finished third in the red group after blanking France, 3-0.

Russian Body Upholds Runner's Ban

MOSCOW (Reuters) — Marina Shmonina, the Russian world indoor
relay champion, was banned for four years on Friday after testing positive for an anabolic steroid.

The Russian Information Agency said an International Amateur Athletic Federation ban on Shmonina, a member of the Russian team that won the world indoor 4x400-meter relay title, had been upheld by the Russian athletic federation. Shmonina tested positive for stanozolol at the Toronto world indoor championships in March.

China to Build Formula One Course ADELAIDE, Australia (AP) - China will have an auto racing circuit

capable of hosting a Formula One Grand Prix by 1996, an Australian company announced Friday.

The company, Kinhill Engineers, said it had signed a contract to design

and co-ordinate construction of China's first professional motor racing and so-orthmate construction of Cama's first processional motor racing circuit at Zhuhai in Guandong Province in southern China.

The circuit, which will cost \$30 million, will be the first enclosed racing

venue ever built in China, the company said. A Kinhili official said the developers had begun negotiations with the Formula One Constructors' Association to hold a funire Grand Prix event on the track.

Koch Urges America's Cup Changes

NEW YORK (Reuters) — Bill Koch, winner of the America's Cup last year, has called for radical changes to the world's most prestigious yaching competition to rescue it from what he believes is a fatal decline.

"I think the Cup is dying right now," said Koch, who will decide later this year whether to take part in the 1995 competition. In a speech and interview at the New York Yacht Club on Thursday, Koch proposed replacing the present system, under which the hosting San Diego Yacht Club would run the next competition. He said he would like to "level the playing field" for foreign challengers by instituting an impartial interestional case competition. impartial, international race committee.



Charles Barkley led the Suns' celebration after he sunk the winning jumper with a second to go.

Canadiens OT the OT Kings

UNIONDALE, New York --If this is the Nassau Coliseum, it must be overtime.

Only this time, the Montreal Canadiens, not the New York Islanders, had the magic touch. "We just tell our guys to go for it," the Canadiens' coach, Jac-

STANLEY CUP

ques Demers, said after their 2-1 overtime victory over the Islanders on Thursday night. "That's the kind of confidence we have in

The victory tied a playoff record for consecutive triumphs in one season and put Montreal within one victory of its 29th Stanley Cup final. The Canadiens have won 23 National Hockey League championships, by far the most

When Guy Carbonneau scored at 12:34 of overtime, it gave the Canadiens 11 straight victories in one season to tie the playoff record set last year by Pittsburgh and Chicago.

It gave the Canadiens an overtime victory at the Nassau Coliseum, where the Islanders have made a habit of winning such

affairs and had not fallen in overtime since April 21, 1980. They were 14-2 in their history in home overtime games before Thursday night's loss, and 29-8

More importantly for Montre

al, it gave the Canadiens a 3-0 lead in the four-of-7-game Wales Conference final, which they can finish off in Game 4 on Saturday Only two teams in NHL history have come back from 3-0 defi-cits in the playoffs, the 1942 To-

ronto Maple Leafs and 1975 "We worked so hard, and with all our efforts, we find ourselves in a huge hole," said the Island-

ers center Ray Ferraro.

straight?
"We can win one in a row," said Ferraro, "We can't look at it like four straight or it will seem insurmountable."

The Canadiens beat the Islanders in the second straight overtime of the series. The Islanders had been the overtime kings in this year's playoffs be-fore losing, 4-3, in double over-time in Montreal on Tuesday set a record for the playoffs, breaking the mark the Canadiens shared with the 1980 Islanders.

Patrick Roy played a strong game in goal for the Canadiens. stopping hard shots from the slot Steve Thomas and Ferraro, the Islanders' playoff hero, shortly before Carbonneau won it with his third goal of the play-

"He was simply unbelievable tonight," Demers said of Roy. "He is a dominant goalie. I want to give credit to Glenn Healy, who made big saves tonight. But Roy was simply unbelievable." Mathien Schneider started the

winning play by passing from the right wing to Benoit Brunet in the middle of the ice. Brunet passed the puck to Carbonneau, who beat Healy with a 25-footer from the left side. Roy made 31 saves, while

Healy stopped 21 shots.

After a scoreless first period in which New York outshot Montreal by 9-6 and played most of the time in the Canadiens end, the Islanders took a 1-0 lead at 1:36 of the second on a goal by Pierre Turgeon.

Last-Gasp Barkley Shot Lifts Suns Past Spurs

The Associated Press Charles Barkley needs no one to

interpret the laws of basketball firing of Coach Jerry Tarkanian,

"If you want to be great, you have to willing to take the big shot -anywhere and anytime," he said. "I always expect to hit the big

Barkley was willing, all right, and he hit the winning shot — a top-of-the-key jumper over the outstretched arm of David Robinson with 1.8 seconds left.

The result was a 102-100 victory for Phoenix on Thursday night in San Antonio that eliminated the Spurs in six games and sent the Suns into the National Basketball Association Western Conference

"I got the shot I wanted," said Barkley, who finished with 28 points and 21 rebounds. "Basically,

t was a free throw." Barkley, who dominated Game 5 on Tuesday night with 36 points, said he learned all about taking clutch shots from Andrew Toney when he played for the Philadel

"It felt good the second it left my hand," he said. "I knew it was in. Phoenix, having survived another hard series, now faces the winner of the Seattle-Houston semifinal. In Houston on Thursday night, the Rockets avoided playoff elimination with a 103-90 victory.

The Spurs tied the score 100-100 with 11 seconds to play on two free throws by Robinson, who had been isolated in a 1-on-1 confrontation between two of basketball's best players, cleanly hit the winner.

"I thought he was going to drive by me, and then he just took the shot," said Robinson, replaying the moment over and over after the game. "I just wanted to make him take a tough shot. And he hit it."

Phoenix was not home free, yet. With 1.8 seconds left, the Spurs inbounded and got the ball to Robinson on the right side, but Oliver Miller blocked his shot and time

For the Spurs, it was the end of a roller-coaster season that saw the the hiring of John Lucas and San Antonio reaching the semifinals for

"It was a tough way to lose, espe-cially at home," said Robinson, who had 22 points and 14 re-

the first time since Robinson's

NBA PLAYOFFS

bounds, "I feel like I hit a wall right now because I want to keep playing. But physically my body needs The Suns' coach, Paul Westphal,

said the winning shot went exactly as planned, except that Barkley shot too soon. "We didn't want to leave any

time on the clock," Westphal said. "We wanted to make it or miss it at the buzzer so they wouldn't have a chance to make it scary.' San Antonio took an 86-76 lead to start the fourth quarter on Sean

Elliott's 3-pointer. But Phoenix immediately rallied with 12 straight points to take an 88-86 lead. Then the fourth-quarter battle was on. The teams swapped leads four times before Phoenix finally

went ahead 96-94 on two free throws by Johnson with 3:18 re-

Rockets 103, SuperSonics 90: Kenny Smith ended his shooting slump by scoring 30 points and the Rockets forced a decisive seventh game on Saturday in Seattle.

Smith, 3 of 13 in his two previous games, was 13 of 16 from the field, including four 3-pointers, in the highest scoring playoff game of his

He had 15 points in the first half and 10 in the breakaway third period when the Rockets outscored Seattle, 36-13. Vernon Maxwell, scoreless in the first half, struck for

12 third-quarter points. Sam Perkins and Derrick Perkins led Seattle with 14 points apiece but Shawn Kemp, who had 19 points in Game 5, scored only 1 point, that coming with 7:07 left. Houston's center Hakeem Olajuwon was limited to 14 points and 10 rebounds.

The Sonics jumped on the Rockets from the start, just as they did in their runaway 120-95 victory in

Game 5 and fought off every chal-lenge for a 47-43 halftime lead. But the Rockets looked like a different team in the third quarter. They started with a 28-11 run that vanited them to a 61-58 lead with

6:12 to go in the period. Then they used another 18-4 charge and ended the period with a 79-62 lead.

The Bulls own the National Bas-

ketball Association rights to Ku-

koc, whom they drafted in the sec-

An Italian newspaper reported earlier Thursday that Kukoc, wide-ly considered the best basketball

player in Europe, would visit the

United States next week to try to

time NBA champion Chicago

Kukoc's agent, Luciano Capic-

chioni, told the Italian sports daily

Gazzetta dello Sport that the two would travel to Chicago on Mon-

The paper said Capicchioni was

believed to be seeking a contract

for a minimum of three years. First.

Kukoc would have to be released

day for talks with team officials.

negotiate a contract with the two-

ond round in 1990.

Bulls' Krause Denies four of eight at the line until then in the fourth quarter. But Barkley, Plan to Meet Kukoc

The Associated Press CHICAGO - Jerry Krause, general manager of the Chicago Bulls, has demed that he will meet with the Croatian basketball star Toni Kukoc on Monday.

"There's no truth he'll be here Monday or that I'll be here Monday," Kranse said on Thursday. "I'll be in New York with the team for the playoffs. We can't sign or make any agreements with him un-til July after the cap situation clears

may be coming in as the Indiana Pacers seek a new coach.

The Indianapolis News reported Thursday that the Pacers had approached the former Boston Celtics star about their coaching job, and were told the back pain that forced Bird into retirement would keep him from taking it right now.

"The only negative we've heard is that his back may prevent him from doing it," said the Pacers' president, Donnie Walsh.

Bird, a native of French Lick, Indiana, who took Indiana State to the

Celtics since his retirement last summer. One source quoted by The News said Bird had not ruled out a coaching job, but didn't want one this year because "his back is too bad."

meanwhile, resigned as coach of the Los Angeles Clippers on Thursday. "He's apparently had the idea of working in Indiana on his mind since mid-season," an official of the Chippers, who was not identified, told The Indianapolis Star. "It's the only job he wants."

Is Bird Out and Brown In as Pacers' New Coach?

INDIANAPOLIS - Larry Bird is apparently out and Larry Brown

1979 NCAA championship game, has served as special consultant to the

The Pacers job opened when Bob Hill was fired Tuesday. Brown,

from the remaining four years of his multimillion-dollar deal with his Italian team, Benetton Treviso. Benetton has told Kukoc it needs to know by June 10 whether he is staying or leaving.

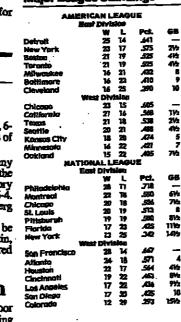
contract of several years," Capicchioni said. "Now, we are waiting for an offer from the Bulls. We know they have problems with the salary cap. Bill Cartwright and Rodney McCray, who have been mentioned as players who could be replaced by Toni, are playing very well in the playoffs. Our main goal

cial accord with the Bulls." Kukoc, 24, is a 6-foot-10 (2.08meter) left-handed shooter who can play either guard or forward.

at the moment is to reach a finan-

SCOREBOARD

BASEBALL Major League Standings



Thursday's Line Scores

AMERICAN LEAGUE AMERICAN LEAGUE

Relimate 98 80 801—3 13 1

Relimate 98 910 889—1 3 8

Cook. Kramer (6), LitHeaust (8) and Parrish; Mayer, Willigmann (8), Poole (9), Mills (9) and Tockett, Holles (9). W—Cook, J-1.

L—Mayer, 6-1. Sw—Littleutst (6).

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Texas
Leary, Nelson (9), Chorton (9) and Volte,
Hoselman (8): Leitrundt, Bronkey (8), Patierson (9) and Radriguez, W-Leary, 3-1, L-Leitrundt, 4-2, HRs-Southe, Cotto (1), E. Mortingz (1), Texas, Gorsaniez (12), Polimeiro (5),
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D, Wilson (6): T. Wilson, Burba (6), Righetti

D. Wilson (6); T. Witson, Burba (6), Rishe on (7). Rogers (7) and Mam son, 2-3, L—Browning, 3-3.

Ashby (7), Parrett (10), Holmes offer; Taylor, J. Hernandez (6), z (8), Mason (8), Ge. Harris (7) Reynoso, Ashby (7), Parrett (10), Holmas (11) and Sheoffer; Taylor, J. Hernandez (6), R. Rodriguez (8), Mason (8), Ge, Harris (9) and Wolfers, W.-Ge. Harris, 3-0. L.—Holmas, 0-3. HRS.—Colorodo, Boston (3), Sichette (6), Sheaffer (1), Son Dieso, McGriff (8), Montreal 800 300 800—3 7 1 Philadelphia 400 200 12x—9 8 9 Nobhotz, Borleoffeld (2), Fossero (4), Jones (6) and Fletcher; Schilling and Doutton, W.-Schilling, 5-1. L.—Nobhotz, 3-4, HRS.—Mon-treal, Bolick (3), Philadelphia, Doutton (11), Incavigito (5).

Incoviatio (5).

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51. Leuis 614 960 102—6 11 1
Gestman Bourista (5), Piesoc (6), McErroy
(7), Slocumb (7), Assenmacher (6) and Wilhins; Yeekisbury, Murrhy (8), L. Smith (7)
and Pappos, W—Tewisbury, 4-1, L.—Guzinzan,
A. Seriki, 173, MSe.—73coop. D.

44. Sv-L. Smith (12). HRS-Chicago, D. Smith (5), Buechele (4). Japanese Leagues Chunichi 4, Yokult 2 Yokohoma 4, Hiroshir

BASKETBALL

NBA Playoffs CONFERENCE SEMIFINALS (Seri-ol-7)
22 24 28 26—762
2 24 28 77—160

Sm Antonie 25 22 25 17-109
(Plosenix wins series 42)
Domos-920-0, Bartigry 18-24-72. West 1-2
0-0.2, K. Johnson-6-12-6-10 18, Majerin 7-16-1-1 18, Cabolios-2-20-0-4, F. Johnson 1-22-24-Allage 2-8
1-2.4, Miller 5-8-2-4-12, Chambers 5-9-0-10, Tolois-39-85-18-28-182, Chambers 5-9-0-10, Tolois-39-85-18-28-182, India-19-0-0-0, Dell Nesro-1-4-10-4, Cummings 4-7-1-2-9, Demiels 0-0-8-0, Tolois-38-82-18-28-100, 2-9-bart eners-Phoenix 6-12 (Moleria-3-5-Barkley-2-5, Alage 1-2), Son Antonio-6-13 (Ethis-3-4-Anderson 2-4, Ethioth -3-3, Founds out-None, Retheusth-Phoenix-38 (Barkley-21), Son Antonio-6-7 (Robinson-14), Assists — Phoenix

one. Rebounds—Phoenix St Autonio (P (Robinson 14). Assi 22 (K. Johnson B), Son Antonio 23 (A. Johns 2 (c. Jonason II), Son Amonto 23 (c. Jonason II). Total touts—Phoenix 23, Son Antonio 25, Sentise
12 25 15 28— 96
Houston
(Series Hed 3-3)
Kemp-0-21-2 L McKey 5-9 3-4 13, Perkins 48

3-4 14, Payton 7-15 6-9 14, Pierce 4-17 3-3 17, McMillon 1-4-0-2, Case 3-4-0-6, Johnson 3-10

218 900 900 91—4 5 9 1-17,Askew474-412,Barros2-30-04,Poddio1-288 100 800 83—5 10 2 50-02, Sheftjer 2-2 0-0 4, Totoks 36-84 15-19 90. Norry 7-9 1-1 15, Therpe 6-8-6-7 16, Ole Juven 7-13-9-0 14, Manwell 6-18 0-0 15, Smith 13-16-9-0 30, Herritro 0-7-0-8, Gerland 2-6-9-9, Bulland 5-30-0, Brooks 1-3-2-5, Rollins 0-10-00, Florat 9-0-8-8, Teaste 1-2-9-9, Zirots 43-78 9-10 183. 3-Point seats—Scattle 3-14 (Perkins 3-4, Poy-ton 0-1, McMillian 0-1, Paddillo 0-1, Pierce 0-3, on B-4). Houston R-17 (Smith 4-6, Max 3-5, Brooks 1-2, Herryb-1, Hernerg D-1, Sulfardi-2), Fested on-Nose, Rebounds—Southe 39 (Kerne 9), Houston 38 (Olojuwon, Thorse 19). Assists—Southe 18 (Poyton, McMillon, Barros

Prenck Open Draw for Section Proyers
MEN
Pete Songros II), U.S., vs. Andrei Cherkoste, Russler, Anders Jenryd, Sweden, vs. Mollivel Woshington (16), U.S.; Serai Brugoero (16), Spoin, vs. Henri Leconte, France; quolifier, vs. Youn Lendi (7), U.S.; Shein Eidoero (3), Sweden, vs. Morcele Filippini, Urusuay; Jon Slemerink, Netherfonds, vs. Wayne Ferreiro (14), S. Africa; Andrei Medwadev (11), Ulordine, vs. Guttlerine Perte, Roddon, Argentina.
Lars Josson, Sweden, vs. Petr Kordo (6), Czoch Resuddic; Goron Ivonisevic (5), Crodio, vs. Franco Doyln, Argentina; Christian Bergstram, Sweden, vs. Richard Krollosk (12), Netherlands; Korel Novocek (13), Czoch Republic, vs. Rontol Agenor, Halli), Nicolos Escude, France, vs. Borts Becter (4), Germa-

Escude, France, vs. Boris Becker (4), Germany; Michael Chang (8), U.S., vs. qualifier:

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Johne Yzosa, Peru, va. Alichael Stich (Germany: Thomas Muster (15), Austria, Horst Stoff, Austria: Roberta Azor, Arver no, va. Jim Courier (2), U.S. WOMEN Steff Graf (1), Germany, va. Cacilia Da mon, Sweden; Stephonie Rottler, Nether Jands, vs. Sabine Hack (15), Germany*: Ma*r Pierce (12), France, vs. Cotherine Mothes France; Nathalie Herreman, France, vs. Jen-nifer Coprioti (e), U.S.; Conchito Martinez (4), Socin. vs. Lea Ghirardi, France; qualifier vs. Natholie Tazzief (13), France; Masdalena Maleeva (7), Bulgaria, vs. qualifier; Sora Pil-

kowski, France, vs. Anka Huber (8), (Switzerland; Katerino Akaleeva (14), Butsorio vs. Helene Kelesi, Canada; Rodka Zrubakova Czech Republic, vs. Gabriela Subalini (3), Ar gentino: Jone Novetna (7). Czech Republic, vs. Claudia Parwik, Germany: Larisa Melland. U.S. vs. Annanda Cabber (11). S. Africa; Ki-miko Date (16). Japan. vs. Karin Kschwendt.

HOCKEY Stanley Cup Playoffs

Third Period—2. Montreal, Domphouses 9 (DIPletro, Brunet), 14:46. Overtime—3. Mon-treal, Corbonneou 3. (Brunet, Schenider), 12:34. Shoks en goal—Montreal (on Healy) 6-5-84—23. New York (on Roy) 9-6-134—32.

SOCCER WORLD CUP QUALIFIER Europe, Group 5 bourg 1, iceland 1 FRENCH FIRST DIVISION lennes 0, Olympic Marsella 1

TRANSACTIONS BASEBALL

BASEBALL
Anterican League
BALTIMORE—Put Arthur Rhodes, sitcher, on 15-day disabled list. Cotied up Jamile
Mayer, sitcher, from Rochester, i.j.
BOSTON—Stened John Stration-Jr., cotcher, and assistand him to extended spring training.
CLEVELAND—Sent Jerry DiPate, pitcher, to Chorlotte, IL. Recalled Bill Wertz, pitcher, trom Charlotte.
KANSAS CITY—Called up Cliris Honey, sitcher, from Oracha. AA, Put Dennis Rosmusser, pitcher, and 35-day disabled list.

phtcher, from Omena, A.A., Pur Dennis Ros-mussen, bitcher, on 15-doy disobled list. SEATTLE—Sent Zolk Shinoil, pitcher, lo Coligary, PCL. Bought contract of Jim Con-verse, Pitcher, from Calsory, TEXAS—Put Ordig Lefferts, pitcher, on 15day dispited list retructive to May 19, Received Roser Paylik, pitcher, from Oklohoma City, AA... Hallond League

COLORADO-Sent Scott Frederickson.

plicher, to Colorado Sprinss, PCL. Traded Braufio Castillo, autitelder, to Houston for Mark Grant, Pitcher. HOUSTON—Assismed Braufio Castillo, aut-

HOUSTON—Assisted Broutle Castille, outfielder, to Tucton, PCL.
PITTSBURGH—Colled up Glenn Wilson,
outfielder, from Buffale, AA, Optioned John
Webner, third basemen, to Boffede.
BASKETBALI.
Netflored Besketball Association
NBA—Fined Note McAllion, Seothic forword; George Karl, Seothic coach, and Winston
Gardand, Houston suard, \$2,000, for their roles in
incidents in May 18 some. Fined SuperSonics
oroanization \$5,000 and Rackets ergonization
\$7,000 for their players on-court aftercations.
LA, CLIPPERS—Larry Brewn, coach, resigned. ioned.

SACRAMENTO—Promoted Eddle Jordan

full-time assistant coach. Named Mike
iraz assistant coach and scout.

FOOTBALL.

National Football League
CINCINNATI—Signed Mike Brim, Corner pock.
MINNESOTA—Signed Eserci Tudio, deten-tive tackle, and Richard Jones, puriter, N.Y.GIANTS—Signed Darrell Hamilton, of-

CRICKET

SECOND ONE-DAY INTERNATIONAL England vs. Australia Friday, in Birmingham, England Hand: 277-5 (55 Overs) Australia: 200-4 (53.3 overs)

INTERNATIONAL CLASSIFIED

(Continued From Page 4)

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TO OUR READERS IN FRANCE

"Sounds great!" you're saying. lowed to have fun: You're a parent.

I'm talking about summer camp for your CHILD.

First you need to select the type of camp. Today, in addition to the traditional category of Camps With Comical Names Like Camp Wabonga," there are many specialty camps, including Tennis Camp, Art Camp, Drama Camp, Diet Camp, Gorge Yourself Camp, Homesickness Camp. Cramp Camp, Enemy Camp and Space Camp, at the end of which your child is actually launched into orbit (this one is all booked up).

When I was in high school, I worked at (really) Camp Sharpar-oon. (Everybody: "Waniko! Wan-ako! Wa-nik Wa-nak Wan-O! Maroon! Maroon! Sharp-a-ROON!")

I was on the maintenance crew with the Rotando brothers, Hank and Lou. Here is the kind of maintenance crew we were: Rather than walk as many as 15 feet to an approved trash can, we stuffed our garbage into a hole in the floorboards of our cabin. By the end of the summer the entire cabin was bobbing up and down on a pulsating wave of crud.

Our job was to maintain the camp facilities, which was hard work, so instead we spent virtually the entire summer of 1962 trying to make an why we chose this particular objective, but it became very important to us, and we spent many hours constructing and testing various arrow designs, none of which worked except when you pounded them directly with a hammer.

Speaking of exploding, the highlight for the maintenance crew that summer was when we helped the head maintenance person, whose name was Hans, attempt to revive a former freshwater spring that had turned into a swamp. Hans had decided that the way to get the spring flowing again was to use dynamite. I don't know where Hans got the dynamite, but he had a big wooden box full of it. We took this out to the spring, where Hans,

MIAM1 — Summer's almost here, and it's time for you parents to decide about summer of dynamite into the muck. Then we moved back, uncoiling the detonation wire, and when we were "I'll start packing now!"

No, not YOU. You're not alaway, he touched the wire to a
away, bettery. This was followed what Hans felt was a safe distance tractor battery. This was followed by what came to be known as the

Rain of Frogs. Of course the spring did not start flowing. The spring turned into a geological formation that future generations will call Big Inexplica-ble Muck Crater.

Rest assured that there will probably not be dynamite in use at the camp where you send your child. It will probably be more like the camp we sent our son to last summer. After considering all the possible types, we sent him to Losing All Your Stuff Camp. The camp sent us a detailed list of exactly what he would need - how many pairs of socks, underwear etc. and his mom spent many hours getting all this stuff together and labeling it. Then, as soon as he got there, he embarked on a rigorous program, supervised by college stu-dents, of losing everything. By the time we got there for Parents' Day, he had virtually nothing left. We found him — I am not making this up — wearing one sneaker, boxer shorts and a T-shirt that would have to be laundered with nuclear weapons. He had not brushed his teeth since the first day, when he lost his toothbrush.

He could not have been happier. He was living in a cabin with seven boys, all of whom had also lost everything. Nobody had a clue where anything was. By thinking hard and examining the area carefully for clues, we were able to deduce that the majority of lost stuff was probably located on the floor. The key piece of evidence was that we couldn't actually see the floor. The campers were walking around on a six-inch-deep layer of discarded clothing mixed with

food and comic books. Naturally this made me concerned about whether modern camps are doing a good job of teaching traditional American moral values. In my day, we would have put that stuff where it be-longed. Under the floor.

Forecast for Sunday through Tuesday

Steely Dan Part III: Return of Smart Rock

By Mike Zwerin

International Herald Tribune

PARIS — Steely Dan is dead, long live
Steely Dan. Donald Francisco Steely Dan. Donald Fagen was in town on a worldwide promo tour signaling the return of Smart Rock with the forthcoming (Monday) release of "Kamakir-iad" (Reprise), his first solo album since "The Nightfly" in 1982. They can be de-scribed as Steely Dan, Part II & III. In the mid-70s, Steely Dan fashioned

the first basic changes in rock music since the Beatles, the Stones and Jimi Hendrix, adding complex jazz chords and and allegorical lyrics to the backbeat. They also took the multitrack-layering recording process developed by George Martin to a more sophisticated level.

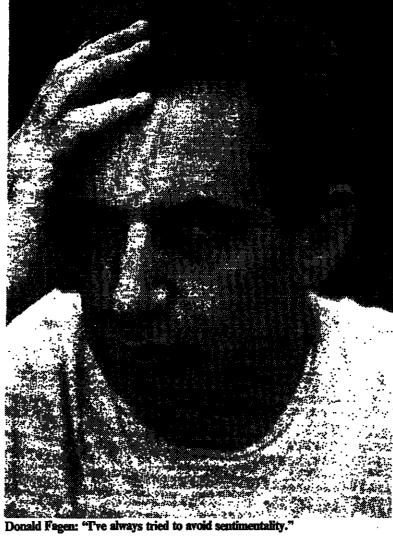
Fagen and his partner, Walter Becker, got so sophisticated the music could not be taken out of the studio. For most of its life. Steely Dan only existed on vinyl. They were described as "pseudo-jazz" (Fagen prefers to call their burnished hi-tech sound "pseudo-opulence"), obscure and

"Overbred?" Fagen stopped to consider it, then laughed. "Yeah, probably so. I'm concerned with personalized formal structure rather than so-called 'professional' pop music. I've always tried to avoid senti-mentality, which is fake feeling based on illusion. There's too much of that around. I've become more suspicious of romance as I've grown older. We have to stamp out

Dealing with "obscure," he explained that in their early years on the road they had opened for heavy-metal bands: "The conditions were horrible, and we never really liked the combination of players we had so we just stopped touring. The idea was to work in the studio for awhile with the best musicians we could find and then regroup and go out with another band, but inertia was victorious."

Fagen laughed at his own ever-present sense of irony — some call it cynicism. A rare bird, a New York Jewish intellectual rock star, he grew up in in nearby Passaic, New Jersey ("an awful suburb"), discover ing Fats Domino and Chuck Berry at the age of 13. Through late-night disk jockeys like Symphony Sid, he discovered "cool" jazz. He defines cool as "a certain kind of discretion." He's cool all right.

Having grown out of his old surly image (he is extremely shy and stingy with photo opportunities). Fagen has a wide though furtive smile and even laughs outright, often at himself. He tends to mumble out of the side of his mouth with a lot of "you knows" and "kind ofs," avoiding eye contact. His shyness is one reason the band stopped playing live concerts: "As frontman it was up to me to talk to the audience



tween numbers. I didn't like that at all." Fagen met Becker while attending the fearlessly liberal Bard College on the Hudson River. They started writing songs to-gether including ("I'm not very proud of it but there it is") "I Mean to Shine," recorded by Barba Streisand. Jerry Leiber, who wrote hits for Elvis Presley, told them their stuff reminded him of German art songs.

After dropping the rest of the band in 1974, Fagen and Becker relied on quality hired hands like saxophonist Michael Brecker and Steve Khan, guitar. The phantom band called Steely Dan began to build a cult reputation until they broke through into mass sales (more than four million copies) with "Aja." They disband-

ed in style, after recording the exquisitely tooled "Gaucho" in 1980, which also sold platinum - musicians compare it to Sgt.

Pepper.
"Kamakiriad," written by a reunited Fagen and Becker, is a suite of eight songs dealing with the future near the millenni-um. Fagen, who lives on the East Side of Manhattan, and Becker, who lives in Hawaii, collaborated over a WATS phone line, wearing earphones: "When you write songs you spend a lot of time thinking and we kept hearing this weird static, satellite feedback and crossed lines." Maybe that's why the material turned out so sci-fi.

The hero takes off in his steam-powered

Kamakiri automobile with a frame made

in Glasgow and Balinese technology. It's a "total biosphere" with a farm in the back: "Good fresh things every day of the year." The trip takes him down "the T-Line to Bleak and Divine, Just above the goodtime Flats," through a "heartquake" to "spitewives," under a "counter-moon" which makes people fall out of love and to a misty beach where "my life became 2 joke." Along the way, he meets alien "pseudo-women," who are replacing yesterday's girls; he gets a "little silly" passing Lake Nostalgia and falls into microspace: "It's even better this time around with Coltrane on the K. L.H." He recommends listeners read the printed lyrics in the album notes, "like an opera libretto."

I asked him if it had taken 10 years to

write eight songs. He said he'd had a writing block after "The Nightfly," along with a midlife crisis. He'd also been involved with "less emotionally demanding" projects such as mu-sic for this not particularly great" movie "Bright Lights Big City" and the "New York Rock and Soul Review," a presentation of soul music he put together with Libby Titus, now his wife, Phoebe Snow, Boz Scaggs and others.

Back in the role of rock star, he feels 'miscast." He listens to records by "dead jazz, R&B and blues players." Recently he went to hear a "wonderful" group of El-lington ahumni in a New York club and there were like 10 people in the joint. He chalks this up to America:

"Americans' attention span is so short they can't follow any sort of linear unfolding thing. They see music as association, which is where sentimentality comes in. They define their lives by sentimentality. They're thinking about themselves and the people they have relationships with in an idealized way. So music has to evoke an extremely romantic image.

"Music as structure is foreign to them. Americans have always had an essentially anti-intellectual character. One of the good things about that is they never let thought get in the way of action. They go ahead and do things other people would just think about. But it's beginning to get more negative. You end up with no con-

tent, no values. "The reason you often see an evocation of jazz in commercials, some saxophone player for example, is that it means urban. These jeans will look good walking around the Village. They would no longer be interested if you removed the picture and heard the guy actually playing jazz. Americans are less and less inclined to follow any intellectual enterprise."

"How does that make you feel living

"Ummm, sort of, you know - isolated."

PEOPLE

Cheers! Millions Say Good Night to Sitcom

And there you have it. The bar-

tender nearly got back with the waitress who had left him six years ago, but coming to his senses, he stayed with his real family, the gang at the saloon. With Thursday night's 275th episode, "Cheers" closed its barroom door as it was watched by an estimated 100 million people. The cast itself was given a warm and rowdy sendoff by Massachusetts lawmakers (the show is based in Boston) before the sitcom aired. Governor William Weld welcomed Ted Danson, George Wendt, John Ratzenberger, Rhea Periman and Kelsey Grammer to the Statehouse in Boston with a proclamation declaring Thursday "Cheers Day" in the commonwealth. More than 30,000 Canadians gave "Cheers" a noisy send-off at the SkyDome, home of the Toronto Blue Jays, where the episode was played on the huge scoreboard screen. "It's not really American humor, it's bar humor, said a Canadian fan.

Doctors performed a minor operation on Queen Elizabeth, the Queen Mother, 92, after she complained of a "slight tightening of the throat," Buckingham Palace said Friday. She was taken to Aberdeen hospital from Balmoral Castle on

Richard Pryor received his star on the Hollywood Walk of Fame. where he was hailed as "a pioneer of African-American comedy." Pryor, 52, who has multiple sclerosis, told a crowd of several hundred onlookers, "I am happy ... You made a cloudy day sunny and I thank you."

Alex Trebek denied that his show, "Jeopardy!," was rigged to favor female contestants, calling the allegation a "sleazy" attempt to promote a new book. Hours earli-er, Harry Eisenberg, a former asso-ciate producer for the quiz show, held a news conference to announce the release of his "tell-all" book, "Inside Jeopardy!"

INTERNATIONAL 💰 🔏 CLASSIFIED Appears on Pages 4 & 9

WEATHER

BRIEF STATE-MENTS By Alfio Micci



13/63 c 9/46 s 1/54 px 10/50 a 14/67 px 2/35 sh 16/61 px 12/53 px 10/50 px

North America Asia Europe Noticeably cooler air will day. Thunderstoms will rum-ble through Detroit and Cincinnati Sunday. Fine weather in Los Angeles and San Francisco Sunday and weather will stretch across Poland and Hungary. A large storm poised off the coest of Ineland will send bands of rain onshore. Central Europe

34/53 27/60 po 34/63 28/82 30/86 15/59 s 29/84 14/57 56/82 34/75 pc 28/84 29/73 34/83 25/77 po 34/83 24/75 24/76 12/65 pc 28/77 13/65 24/76 12/65 pc 28/77 17/62 29/89 29/78 12/69 27/60 1 32/89 28/78 29/78 27/78 28/79 29/78 23/78 24/75 17/82 pc 28/77 17/62

BOOKS

TOUCHED WITH FIRE: Manic-Depressive Illness and the Artistic Temperament

By Kay Redfield Jamison. 370 pages. \$24.96. Free Press. Reviewed by

Saul Rosenzweig

THIS book is an outgrowth of a A chapter by Kay Redfield Jamison in the comprehensive handbook "Manic-Depressive Illness" (1990), published by Frederick K. Goodwin with her collaboration as junior author. The chapter was ti-tled "Manio-Depressive Illness, Creativity and Leadership."

strictly medical purpose, it now has spawned an offspring with a psy-

chobiological - and aesthetic -

The avowed purpose of the volume is "to make a literary, bioeraphical, and scientific argument for a compelling association, not to say actual overlap, between two temperaments — the artistic and the manic-depressive."

As its subtitle reveals, however, "manic-depressive temperament" refers to the illness, a medical diagnosis made by present-day psychiatrists. In these terms it is quite doubtful that the book accomplishes its purpose because the

with the symptoms of manic-de-pressive disease remains unproved.

Because the author does not adhere to specific diagnostic criteria, one is left with an array of vividly portrayed extremes of mood, often in relation to an artist's periods of productive composition. This latter-day diagnosis can

hardly be accepted for such diverse family members as Henry James Henry James Jr., William James and Alice James, who had some form of crippling "hysteria."
To place them on a single chart medical diagnosis of many, if not with the implication that they all most, of the allegedly afflicted art- suffered from the same bipolar ists (Lord Byron, Edgar Allan Poe, mental illness is gratuitous. Henry James, etc.) is dubious. Yet, this book sparkles w Yet, this book sparkles with ar-

That these and other illustrative resting quotations from the artists' figures suffered from extremes of diaries, letters and biographies, and emotion — elation or depression — these passages convincingly demis well documented, vividly por-onstrate that the individuals suf-

trayed. But that they were afflicted fered from extremes of feeling and

This work has been well researched - learnedly, indeed yearningly. Moreover, it is attractively presented in ways that will appeal to the literate reader. It is a notable contribution to the literature of genetics as related to cre-ativity, but the alleged conjunction of a "temperament" raises more questions than it an-

Despite the poetic chapter headings and other embellishments, this work as a whole obscures more than it illuminates the manner in which the individual artist is uniquely touched by Promethean

Soul Rosenzweig, professor emeritus of psychology and psychiatry at Washington University in St. Louis, wrote this for The Washington Post.

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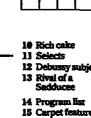
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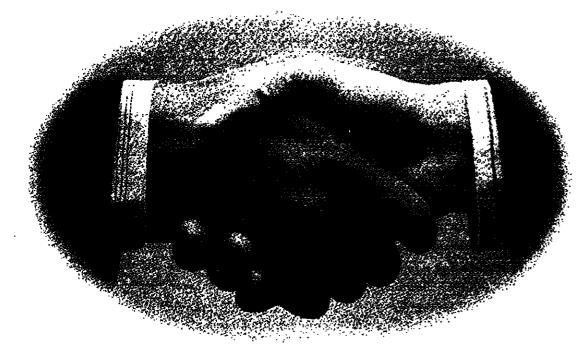
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